

Dear Councillor

**SCHOOLS' FORUM - THURSDAY, 5TH DECEMBER, 2019**

I am now able to enclose, for consideration at next Thursday, 5th December, 2019 meeting of the Schools' Forum, the following reports that were unavailable when the agenda was printed.

**Agenda No    Item**

- 9        **Consultation on Schools' Funding Formula 2020 - 2021 - (Pages 1 - 14)**  
          [To approve methodology of implementation of the National Funding Formula.]
- 11       **Early Years Funding (Pages 15 - 18)**  
          [To receive the outcomes of the Early Years consultation.]

If you have any queries about this meeting, please contact the Democratic Services team:

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## City of Wolverhampton Council

### **SCHOOLS' FORUM**

<b>Date</b>	05 December 2019
<b>Report title</b>	2020-2021 Consultation on Schools' Funding Formula
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#### **Summary**

In October 2019, the Department for Education published indicative funding levels for 2020-2021 Dedicated Schools Grant (Schools Block) (DSG).

This report explains the options available for application of the National Funding Formula (NFF) to Wolverhampton schools in 2020-2021.

All school head teachers and Chairs of Governors have been consulted on the options available, and the outcomes of this consultation are shown in Appendix 1.

#### **Decision**

Members of Schools' Forum are asked to:

1. Note the outcomes of the consultation
2. Consider the implications of the impact of the various options for all schools in Wolverhampton
3. Register a vote that represents their school's cohort:
  - To agree or disagree with the implementation of the NFF Factor rates.
  - To agree or disagree with the introduction of a mobility factor
  - To choose a preferred approach to the methodology - option A or option B
4. Agree on a funding formula for 2020-2021

#### **Appendices**

Appendix 1 - Schools Funding Consultation 2020 – 2021 Factors

Appendix 2 - Illustrations of the Impact of Each Approach

Appendix 3 - Analysis of the Impact of Each Approach by Sector

Appendix 4 - Analysis of Votes

## 1.0 Background

1.1 The Government initially announced its intention to introduce a national funding formula for schools (reception to Year 11) from 2017-2018 but following a period of consultation, introduced a phased implementation of the NFF from April 2018. 2020-2021 is the third year of the phased implementation, and whilst no definite date has been given, it is anticipated that full implementation may be introduced from 2021-2022.

1.2 The 2020-2021 NFF has seen an increase in the minimum guarantee per pupil:

Phase	2019-2020 minimum guarantee per pupil £	2020-2021 minimum guarantee per pupil £
Primary	3,500	3,750
Secondary	4,800	5,000

1.3 The indicative 2020-2021 DSG allocation for City of Wolverhampton Council is:

2020-2021 Indicative DSG Settlement	2019-2020 £million	2020-2021 £million
Schools Block	191.22	197.95
High Needs Block	36.02	41.07
Central Services Block	2.00	1.91
<b>TOTAL</b>	<b>229.24</b>	<b>240.93</b>

1.4 Whilst 2020-2021 remains a transitional year, the City of Wolverhampton Council recommends that all of the NFF factor rates (see Appendix 1) be introduced for local distribution, with the Minimum Funding Guarantee (MFG) and cap rates still determined locally.

1.5 A formulated growth factor was introduced to the 2019-2020 funding formula used to calculate the Local Authority settlement. The illustrative settlement for 2020-2021 is £2.7 million. Whilst Local Authorities retain the option to make a top-slice from schools' funding to manage the growth fund where necessary, the City of Wolverhampton Council recommends that the growth fund remains ring-fenced within its own funding allocation limits – borrowing forward from future funds where necessary.

1.6 For the 2020-2021 NFF, a mobility factor has been introduced using a formulaic approach. Whilst this factor remains optional for Local Authorities, the City of Wolverhampton Council recommends that this factor now be included, in line with the National Funding Formula intentions. The table below illustrates the number of schools expected to receive funding from this factor.

Phase	Maintained	Academy	Total
Primary	19	20	39
Secondary	3	4	7
<b>TOTAL</b>	<b>22</b>	<b>24</b>	<b>46</b>

## 2.0 Funding Methodologies for consideration

- 2.1 In preparing the funding formula, the City of Wolverhampton Council's priority is to maximise the amount of funding provided to schools, within the funding envelope available.
- 2.2 Indicative settlements, provided by the ESFA are based on 2019-2020 pupil data, and this information is used to prepare initial estimates for individual school settlements for 2020-2021.
- 2.3 Final school block settlements are released in late December, and Local Authorities then have until mid-January to compile the data. In preparing the consultation documentation, the most up to date information is not available. Schools are advised that the illustrative examples are purely that – they are not to be used for setting future budgets.
- 2.4 After applying NFF rates to the formula, the Local Authority has 2 methods of making adjustments to ensure that the final settlement remains within the funding envelope:
- **Minimum Funding Guarantee (MFG)** – this is a methodology used to ensure that all schools receive a minimum level of per pupil funding when compared to the previous year (the MFG per pupil rate excludes premises costs such as business rates and PFI, and other one-off factors).
  - **Capping** – this is a methodology used to minimise the level at which an individual school can gain (over and above the MFG) when compared to the previous year.
- 2.5 To fully implement NFF, the maximum MFG rate of 1.84% should be applied and the cap rate should be removed. However, since the DfE are utilising different baselines, the indicative settlement figures provided suggest that this remains unaffordable, and it is necessary to adjust the MFG and Cap rates to ensure that the local distribution of funding remains within the final settlement.
- 2.6 Rather than provide specific adjustment values, the Local Authority have sought opinion in the priority methodology to be used for setting the 2020-2021 funding formula. Options for consideration are:

Option	Description
A	<p>Apply the maximum possible <b>Cap</b> rate, by reducing the MFG. By applying the minimum possible MFG (0.5%), a higher Cap rate can be applied. All schools will gain a minimum level of increased funding, with those gaining the most, having their gains capped.</p> <p>Using this methodology, 29 schools will not receive their full NFF allocation.</p>
B	<p>Apply the maximum possible <b>MFG</b> rate, by reducing the Cap rate. By applying the maximum possible MFG (1.84%), a lower Cap rate is required. All schools will gain the maximum level of increased funding through the MFG calculation, with those gaining the most, having their gains capped.</p> <p>Using this methodology, 19 schools will not receive their full NFF allocation.</p>

- 2.7 The Minimum Funding Guarantee (MFG) represents the value by which an individual school's per pupil budget can change from the previous year. The Department for Education provide flexibility for a permissible range between +0.5% and +1.84% - an increase from the previous range of -1.5% and +0.5%. The local formula used by Wolverhampton City Council in 2019-20 applied the maximum rate of 0.5%. The NFF models used by the DfE apply the maximum rate of 1.84%.
- 2.8 The Capping factor is applied to limit the gains made by a single school on a per pupil basis. Schools with gains will retain all gains below the capping factor on a per pupil basis. There is no maximum as this is an optional factor. The NFF models used by the DfE have removed the capping factor.
- 2.9 Illustrations of the impact of each approach can be seen in Appendix 2.
- 2.10 An analysis of the impact of each approach by sector can be found at Appendix 3.

### 3.0 Consultation

- 3.1 The formal consultation ran from 14 November to 29 November 2019. Each school was allowed two votes - one from the head teacher and one from the Chair of Governors.
- 3.2 As part of the consultation, schools were asked:
- Whether they agreed to implement the National Funding Formula factors in 2020-2021;
  - Whether they agreed to implement the mobility factor in the local funding formula in 2020-2021;
  - To express a preference on the methodology used by the local authority to ensure that the funding formula remains within the affordability envelope.
- 3.3 Of a possible 174, the following votes were received:

Proposal	Number of votes received	
	Agree	Disagree
To implement the NFF factor rates	12	0
To introduce the mobility factor	11	1

Methodology to retain affordability	Number of votes received
A – lower the MFG to maximise the cap rate	9
B – Apply the maximum MFG, and lower the cap rate	5

- 3.4 Further analysis of the votes received can be found in Appendix 4.

#### **4.0 Recommended Option and Next Steps**

- 4.1 The recommended option for the City of Wolverhampton is option B, which applies the maximum MFG value (in line with the NFF), allows the maximum number of schools to receive their full NFF allocation, and ensures that those schools with the lowest gains are not penalised.
- 4.2 Schools' Forum are advised that the final decision on the funding formula rests with the Local Authority. Whilst every consideration will be taken to adhere to the agreed formula, application of the agreed rates to the final dataset (received late December) does not always produce expected results. In these circumstances, minor adjustments will be required, and these will be reported to Schools' Forum in January 2019.

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Funding Factor			National Funding Formula 2020-2021	City of Wolverhampton recommended rates 2020-2021 (with Area Cost Adjustments)	City of Wolverhampton Council 2019-2020
<b>Basic entitlement</b>	Age-Weighted Pupil Unit (AWPU)	Primary	2,857.00	2,866.63	2,747.00
		Secondary: KS3	4,018.00	4,031.54	3,863.00
		Secondary: KS4	4,561.00	4,576.37	4,386.00
<b>Needs Led Factors</b>					
<b>Deprivation</b>  Through a combination of FSM and IDACI Bands	Free School Meals	Current FSM	450.00	451.52	440.00
		Ever6 FSM: Primary	560.00	561.89	540.00
		Ever6 FSM: Secondary	815.00	817.75	785.00
	IDACI Band F	Primary	210.00	210.71	200.00
		Secondary	300.00	301.01	290.00
	IDACI Band E	Primary	250.00	250.84	240.00
		Secondary	405.00	406.36	390.00
	IDACI Band D	Primary	375.00	376.26	360.00
		Secondary	535.00	536.80	515.00
	IDACI Band C	Primary	405.00	406.36	390.00
		Secondary	580.00	581.95	560.00
	IDACI Band B	Primary	435.00	436.47	420.00
		Secondary	625.00	627.11	600.00
	IDACI Band A	Primary	600.00	602.02	575.00
		Secondary	840.00	842.83	810.00
<b>Low Prior Attainment</b>		Primary	1,065.00	1,068.59	1,022.00
		Secondary	1,610.00	1,615.43	1,550.00
<b>Looked After Children (LAC)</b>	Any child who has been looked after for 1 day or more		Not used	Not used	Not used
<b>English As an Additional Language (EAL)</b>	Pupils with a first language other than English attract funding for up to 3 years	Primary	535.00	536.80	515.00
		Secondary	1,440.00	1,444.85	1,385.00
<b>Pupil Mobility</b>	Counts pupils entering a school during the last 3 academic years but did not start in August or September)	Primary	875.00	877.95	Not used
		Secondary	1,250.00	1,254.21	Not used
<b>School/ Premises Led Factors</b>					
<b>Sparsity</b>	Schools located in areas where pupils have to travel; or small schools	Primary	25,000.00	25,084.25	Not Applicable
		Secondary	65,000.00	65,219.05	Not Applicable
<b>Lump Sum</b>		Primary	114,400.00	114,785.53	125,000.00
		Secondary	114,400.00	114,785.53	175,000.00

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		Ideal NFF Scenario		Approach A: Illustrative Examples of applying the maximum possible cap rate, with a lower MFG rate (minimum 0.5%)										Approach B: Illustrative Examples of impact of applying the maximum MFG rate (1.84%) and amending the cap rate			
		1.84%		0.50%		0.50%		1.17%		1.17%		1.84%		1.84%			
		No Cap		No Cap		13%		No Cap		11.175%		8.75%		8.90%			
Minimum Funding Guarantee		£ 197,948,236		£ 197,948,236		£ 197,948,236		£ 197,948,236		£ 197,948,236		£ 197,948,236		£ 197,948,236			
Cap		£ 198,731,073		£ 198,246,961		£ 197,947,870		£ 198,458,385		£ 197,948,048		£ 197,921,260		£ 197,966,307			
Indicative Funding for 2020-21		-£ 782,837		-£ 298,725		£ 366		-£ 510,149		£ 188		£ 26,976		-£ 18,071			
Indicative Cost of Funding Formula		N/A		N/A		29		N/A		28		19		18			
Potential Surplus/ (Shortfall) in funds																	
No of schools impacted																	
School Name	Numbers on Role (October 2018)	19-20 Post MFG Budget	19-20 Post MFG Budget per pupil	20-21 Post MFG Budget	Change per pupil	20-21 Post MFG Budget	Change per pupil	20-21 Post MFG Budget	Change per pupil	20-21 Post MFG Budget	Change per pupil	20-21 Post MFG Budget	Change per pupil	20-21 Post MFG Budget	Change per pupil		
Aldersley High School	845.00	£4,900,006.10	£5,798.82	£4,987,566.82	£103.62	£4,923,799.78	£28.16	£4,923,799.78	£28.16	£4,955,683.30	£65.89	£4,955,683.30	£65.89	£4,987,566.82	£103.62		
Colton Hills Community School	834.00	£4,936,811.08	£5,919.44	£5,409,357.05	£566.60	£5,409,357.05	£566.60	£5,409,357.05	£566.60	£5,409,357.05	£566.60	£5,409,357.05	£566.60	£5,409,357.05	£566.60		
Coppice Performing Arts School	880.00	£4,240,128.52	£4,818.33	£4,564,125.86	£368.18	£4,564,125.86	£368.18	£4,564,125.86	£368.18	£4,564,125.86	£368.18	£4,564,125.86	£368.18	£4,564,125.86	£368.18		
Heath Park	990.00	£6,302,629.38	£6,366.29	£6,560,736.33	£260.71	£6,560,736.33	£260.71	£6,560,736.33	£260.71	£6,560,736.33	£260.71	£6,560,736.33	£260.71	£6,560,736.33	£260.71		
Highfields School	1,263.00	£7,984,658.34	£6,321.98	£8,476,245.97	£389.22	£8,476,245.97	£389.22	£8,476,245.97	£389.22	£8,476,245.97	£389.22	£8,476,245.97	£389.22	£8,476,245.97	£389.22		
Moreton School	665.00	£4,714,292.91	£7,089.16	£4,797,196.42	£124.67	£4,736,821.03	£33.88	£4,736,821.03	£33.88	£4,767,008.73	£79.27	£4,767,008.73	£79.27	£4,797,196.42	£124.67		
Moseley Park	897.00	£5,177,673.57	£5,772.21	£5,323,920.58	£163.04	£5,323,920.58	£163.04	£5,323,920.58	£163.04	£5,323,920.58	£163.04	£5,323,920.58	£163.04	£5,323,920.58	£163.04		
Ormiston NEW Academy	627.00	£3,902,804.16	£6,224.57	£3,971,956.96	£110.29	£3,921,595.68	£29.97	£3,921,595.68	£29.97	£3,946,776.32	£70.13	£3,946,776.32	£70.13	£3,971,956.96	£110.29		
Ormiston SWB Academy	1,021.00	£6,117,017.19	£5,991.20	£6,226,847.44	£107.57	£6,146,862.36	£29.23	£6,146,862.36	£29.23	£6,186,854.90	£68.40	£6,186,854.90	£68.40	£6,226,847.44	£107.57		
Our Lady and St Chad Catholic Academy	809.00	£4,695,696.78	£5,804.32	£4,779,577.80	£103.68	£4,758,724.33	£77.91	£4,758,724.33	£77.91	£4,758,724.33	£77.91	£4,758,724.33	£77.91	£4,779,577.80	£103.68		
S.Peter's Collegiate Church of England School	952.00	£4,667,935.54	£4,903.29	£4,868,617.22	£210.80	£4,868,617.22	£210.80	£4,868,617.22	£210.80	£4,868,617.22	£210.80	£4,868,617.22	£210.80	£4,868,617.22	£210.80		
Smestow School	763.00	£3,897,958.53	£5,108.73	£4,217,279.12	£418.51	£4,217,279.12	£418.51	£4,217,279.12	£418.51	£4,217,279.12	£418.51	£4,217,279.12	£418.51	£4,217,279.12	£418.51		
St Edmunds Catholic Academy	798.00	£4,294,586.42	£5,381.69	£4,478,345.74	£230.27	£4,478,345.74	£230.27	£4,478,345.74	£230.27	£4,478,345.74	£230.27	£4,478,345.74	£230.27	£4,478,345.74	£230.27		
St Matthias School	744.00	£5,312,673.85	£7,140.69	£5,405,995.83	£125.43	£5,376,062.96	£85.20	£5,376,062.96	£85.20	£5,376,062.96	£85.20	£5,376,062.96	£85.20	£5,405,995.83	£125.43		
The Khalsa Academy	458.00	£2,733,128.75	£5,967.53	£2,898,197.91	£360.41	£2,898,197.91	£360.41	£2,898,197.91	£360.41	£2,898,197.91	£360.41	£2,898,197.91	£360.41	£2,898,197.91	£360.41		
The King's Church of England School	569.00	£3,229,862.15	£5,676.38	£3,428,107.43	£348.41	£3,428,107.43	£348.41	£3,428,107.43	£348.41	£3,428,107.43	£348.41	£3,428,107.43	£348.41	£3,428,107.43	£348.41		
The Royal School, Wolverhampton	1,082.00	£4,662,066.91	£4,308.75	£4,863,705.91	£186.36	£4,863,705.91	£186.36	£4,863,705.91	£186.36	£4,863,705.91	£186.36	£4,863,705.91	£186.36	£4,863,705.91	£186.36		
Wednesfield High Specialist Engineering Academy	744.00	£3,998,980.75	£5,374.97	£4,169,937.50	£229.78	£4,169,937.50	£229.78	£4,169,937.50	£229.78	£4,169,937.50	£229.78	£4,169,937.50	£229.78	£4,169,937.50	£229.78		
West Midlands Utc	100.00	£762,940.71	£7,629.41	£774,225.15	£112.84	£766,007.14	£30.66	£766,007.14	£30.66	£770,116.14	£71.75	£770,116.14	£71.75	£774,225.15	£112.84		
Wolverhampton Girls' High School	695.00	£3,433,157.89	£4,939.80	£3,495,733.00	£90.04	£3,495,733.00	£90.04	£3,495,733.00	£90.04	£3,495,733.00	£90.04	£3,495,733.00	£90.04	£3,495,733.00	£90.04		
Christ Church (Church of England) Junior School	243.00	£890,737.25	£3,665.59	£979,097.09	£363.62	£979,097.09	£363.62	£979,097.09	£363.62	£979,097.09	£363.62	£979,097.09	£363.62	£979,097.09	£363.62		
Uplands Junior School	383.00	£1,369,671.04	£3,576.16	£1,465,421.04	£250.00	£1,465,421.04	£250.00	£1,465,421.04	£250.00	£1,465,421.04	£250.00	£1,465,421.04	£250.00	£1,465,421.04	£250.00		
Woodfield Junior School	349.00	£1,278,714.42	£3,663.94	£1,458,429.05	£514.94	£1,434,888.32	£447.49	£1,434,888.32	£447.49	£1,419,236.78	£402.64	£1,419,236.78	£402.64	£1,399,259.73	£353.56		
Christ Church (Church of England) Infant and Nursery School	176.00	£683,221.47	£3,881.94	£712,304.01	£165.24	£712,304.01	£165.24	£712,304.01	£165.24	£712,304.01	£165.24	£712,304.01	£165.24	£712,304.01	£165.24		
Westacre Infant School	264.00	£977,356.44	£3,702.11	£1,057,273.46	£302.72	£1,057,273.46	£302.72	£1,057,273.46	£302.72	£1,057,273.46	£302.72	£1,057,273.46	£302.72	£1,057,273.46	£302.72		
Woodfield Infant School	231.00	£907,091.29	£3,926.80	£999,352.41	£399.40	£999,352.41	£399.40	£999,352.41	£399.40	£999,352.41	£399.40	£999,352.41	£399.40	£999,352.41	£399.40		

Notes:  
 Whitgreave Primary - received additional funding in 2018-19 following the amalgamation of the infant and junior schools. This impacts on the variance in funding between 2019-2020 and 2020-2021.  
 Woodfield Infant and Woodfield Junior schools amalgamated on 01/09/2019, but as the data used in these calculations is based on the October 2018 census, this has not been reflected, and will be amended in the final formula

## Impact of Illustrative Outcomes by Sector

### 1. National Funding Formula in full (MFG +1.84%, no cap)

This is the default option if it remains affordable within the available funding.

Phase and Sector	Maximum gain by a single school £	Minimum gain by a single school £	No of schools
Primary – Academy	639.32	74.02	35
Primary – Maintained	660.93	79.97	37
<b>Total Primary</b>			<b>72</b>
Secondary – Academy	418.51	90.04	17
Secondary – Maintained	566.60	125.43	3
<b>Total Secondary</b>			<b>20</b>

### 2. Using Approach A – minimum MFG and maximise cap

Phase and Sector	Maximum gain by a single school £	Minimum gain by a single school £	No of schools gaining less the NFF	% of sector
Primary – Academy	489.48	20.12	10	29%
Primary – Maintained	535.70	22.30	12	32%
<b>Total Primary</b>			<b>22</b>	<b>31%</b>
Secondary – Academy	418.51	28.16	6	35%
Secondary – Maintained	566.60	85.20	1	33%
<b>Total Secondary</b>			<b>7</b>	<b>35%</b>
<b>TOTAL</b>			<b>29</b>	<b>32%</b>

### 3. Using Approach B – maximum MFG, and reduced cap

Phase and Sector	Maximum gain by a single school £	Minimum gain by a single school £	No of schools gaining less the NFF	% of sector
Primary – Academy	422.74	74.02	9	26%
Primary – Maintained	413.49	79.97	10	27%
<b>Total Primary</b>			<b>19</b>	<b>26%</b>
Secondary – Academy	418.51	90.04	0	0%
Secondary – Maintained	566.60	125.43	0	0%
<b>Total Secondary</b>			<b>0</b>	<b>0%</b>
<b>TOTAL</b>			<b>19</b>	<b>21%</b>

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## Analysis of votes received from schools

### 1. Proposal to implement National Funding Formula Factor rates

Number of Votes received (by sector)

School Sector/ Phase	Maintained		Academy/Free		Totals		Total
	Agree	Disagree	Agree	Disagree	Agree	Disagree	
Secondary	0	0	0	0	0	0	0
Primary	12	0	0	0	12	0	12
<b>Totals</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>12</b>
			12			0	12

Votes by Sector (% of possible votes)

School Sector/ Phase	Maintained		Academy/Free		Totals		Total
	Agree	Disagree	Agree	Disagree	Agree	Disagree	
Secondary	0.0%	-	0.0%	0.0%	0.0%	0.0%	0.0%
Primary	16.7%	0.0%	0.0%	0.0%	8.6%	0.0%	5.5%
<b>Totals</b>	<b>15.4%</b>	<b>0.0%</b>	<b>6.4%</b>	<b>6.4%</b>	<b>6.9%</b>	<b>5.0%</b>	<b>5.5%</b>
		15.4%		0.0%		6.9%	

Votes by Sector (% of actual votes)

School Sector/ Phase	Maintained		Academy/Free		Totals		Total
	Agree	Disagree	Agree	Disagree	Agree	Disagree	
Secondary	0.00%	-	0.00%	0.00%	0.00%	0.00%	0.0%
Primary	100.00%	0.00%	0.00%	0.00%	100.00%	0.00%	42.9%
<b>Totals</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>42.9%</b>
		100.00%		0.00%		100.00%	

### 2. Proposal to introduce a Mobility Factor

Number of Votes received (by sector)

School Sector/ Phase	Maintained		Academy/Free		Totals		Total
	Agree	Disagree	Agree	Disagree	Agree	Disagree	
Secondary	0	0	0	0	0	0	0
Primary	11	1	0	0	11	1	12
<b>Totals</b>	<b>11</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>1</b>	<b>12</b>
			12			0	12

Votes by Sector (% of possible votes)

School Sector/ Phase	Maintained		Academy/Free		Totals		Total
	Agree	Disagree	Agree	Disagree	Agree	Disagree	
Secondary	0.0%	-	0.0%	0.0%	0.0%	0.0%	0.0%
Primary	15.3%	1.4%	0.0%	0.0%	7.9%	0.7%	5.5%
<b>Totals</b>	<b>14.1%</b>	<b>1.3%</b>	<b>6.4%</b>	<b>6.4%</b>	<b>6.3%</b>	<b>5.0%</b>	<b>5.5%</b>
		15.4%		0.0%		6.9%	

Votes by Sector (% of actual votes)

School Sector/ Phase	Maintained		Academy/Free		Totals		Total
	Agree	Disagree	Agree	Disagree	Agree	Disagree	
Secondary	0.00%	-	0.00%	0.00%	0.00%	0.00%	0.0%
Primary	91.67%	8.33%	0.00%	0.00%	91.67%	8.33%	42.9%
<b>Totals</b>	<b>91.67%</b>	<b>8.33%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>91.67%</b>	<b>8.33%</b>	<b>42.9%</b>
		100.00%		0.00%		100.00%	

3. Preferred methodology to retain affordability

Number of Votes received (by sector)

School Sector/ Phase	Maintained		Academy/Free		Totals		Total
	A	B	A	B	A	B	
Secondary	0	0	0	0	0	0	0
Primary	9	5	0	0	9	5	14
<b>Totals</b>	<b>9</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>5</b>	<b>14</b>
			<b>14</b>			<b>0</b>	<b>14</b>

Votes by Sector (% of possible votes)

School Sector/ Phase	Maintained		Academy/Free		Totals		Total
	A	B	A	B	A	B	
Secondary	0.0%	-	0.0%	0.0%	0.0%	0.0%	0.0%
Primary	12.5%	6.9%	0.0%	0.0%	6.4%	3.6%	6.4%
<b>Totals</b>	<b>11.5%</b>	<b>6.4%</b>	<b>6.4%</b>	<b>6.4%</b>	<b>5.2%</b>	<b>5.0%</b>	<b>6.4%</b>
		<b>17.9%</b>		<b>0.0%</b>		<b>8.0%</b>	

Votes by Sector (% of actual votes)

School Sector/ Phase	Maintained		Academy/Free		Totals		Total
	A	B	A	B	A	B	
Secondary	0.00%	-	0.00%	0.00%	0.00%	0.00%	0.0%
Primary	64.29%	35.71%	0.00%	0.00%	64.29%	35.71%	50.0%
<b>Totals</b>	<b>64.29%</b>	<b>35.71%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>64.29%</b>	<b>35.71%</b>	<b>50.0%</b>
		<b>100.00%</b>		<b>0.00%</b>		<b>100.00%</b>	

City of Wolverhampton Council

## **2020-2021 EARLY YEARS FUNDING FORMULA CONSULTATION**

<b>Date</b>	<b>21 November 2019</b>
<b>Report title</b>	2020-2021 Consultation on Early Years Funding Formula
<b>Contact Officer</b>	Debra Boniface
<b>Telephone number</b>	01902 557975

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### **Summary**

In November 2019, the Department for Education made announcements regarding increases to the funding levels for Early Years settings in 2020-2021.

This report explains the options available for application of the Early Years National Funding Formula to Wolverhampton providers in 2020-2021.

### **Request**

Those responsible for Early Years provision are asked to consider and make comment on the following:

1. An increase the hourly rate clawback used to create a SEN Inclusion fund.
2. Introduction of a top-slice hourly rate to support central functions

The outcome of this consultation will be discussed at Schools' Forum on Thursday, 5 December 2019 and will be applied to the 2020-2021 data once it becomes available.

## 1.0 Background

- 1.1 The Early Years National Funding Formula (EYNFF) was introduced in April 2017, and the city of Wolverhampton Council were early adopters of the formula, implementing it with no transitional phase.
- 1.2 The EYNFF requires that Local Authorities create funds from their allocations for SEN inclusion and for Deprivation. These funds are created by way of claw-back from the hourly rate.
- 1.3 The SEN Inclusion fund is clawed back at a rate of 8 pence per pupil hour, and it used to support Early Years providers with inclusive SEN provision.
- 1.4 The Deprivation fund is clawed back at a rate of 35 pence per pupil hour, and is paid back to providers as a multiplier based on the deprivation weighting of the pupils attending the setting.
- 1.5 Local Authorities may also hold back funds to support central functions, provided that a minimum of 95% of the funding is passed-through to providers.
- 1.6 Both the SEN Inclusion fund, and the deprivation fund are passed back to providers, so are not counted as held-back funds. As such, the pass-through rate in Wolverhampton is 100%.
- 1.7 The hourly rates since April 2017, have been as follows:

<b>3 &amp; 4-year-old funding</b>		<b>Hourly rate</b>
		<b>£</b>
Local Authority Settlement		4.68
Clawed back for SEN Inclusion		0.08
Clawed back for Deprivation		0.35
<b>Universal hourly rate for all settings</b>		<b>4.25</b>
<b>2-year-old funding</b>		<b>Hourly Rate</b>
		<b>£</b>
Local Authority settlement		5.24

- 1.8 The 2-year-old funding is fully passed through to providers.

## 2.0 Options for consideration in 2020-2021

- 2.1 In its November announcement, the Department for Education announced an additional £66 million of funding, guaranteeing all Local Authorities a minimum funding rate of £4.38 per hour.
- 2.2 This additional funding equates to an additional 8 pence increase to the hourly rates for both 2-year-old and 3 and 4-year-old funding.

### 3.0 Proposal

3.1 The proposal for the City of Wolverhampton 2020-2021 EYNFF is:

- To maintain the deprivation funding at £0.35
- To increase the SEND inclusion fund by £0.01 to £0.09
- To hold back funds to support central functions amounting to £0.02, therefore passing through 99.58% to providers

3.2 The proposed hourly rates would be:

<b>3 &amp; 4-year-old funding 2020-21</b>	<b>Hourly rate £</b>
Local Authority Settlement	4.76
Clawed back for SEN Inclusion	0.09
Clawed back for Deprivation	0.35
Hold for central functions	0.02
<b>Universal hourly rate for all settings</b>	<b>4.30</b>
<b>2-year-old funding</b>	<b>Hourly Rate £</b>
Local Authority settlement	5.32

### 4.0 Central functions

4.1 Payments to service providers is governed by the DFE's Early education and childcare statutory guidance for Local Authorities; this guidance is for English local authorities on their duties pursuant to section 2 of the Childcare Act 2016 and sections 6, 7, 7A, 9A, 12 and 13 of the Childcare Act 2006

4.2 **Section A4** covers the funding of places within establishments and states that Local Authorities should provide **“fair and transparent funding which supports a diverse range of providers to deliver free places on a sustainable basis and encourages existing providers to expand and new providers to enter the childcare market. This diversity enables parents to choose a provider that best meets the needs of their child and family”**

4.3 **Section A413** states that LA's should **“Pay all providers the full amount owed to them monthly unless they have good reason not to do so, for example, if, after consultation, the clear majority of providers opt for an alternative method of payment. Local authorities should be mindful of the concerns of smaller providers, particularly childminders, about their cash flow when making decisions about payment methods. Local authorities should regularly review how they pay providers to ensure that it continues to meet the needs of all providers in their area.**

4.4 At present the City of Wolverhampton Council cannot fulfil its duty to pay the full amount owed on a monthly basis, if required to do so. This is due to capability issues with the system used to collate pupil numbers and calculate payment amounts. Funding has been earmarked for an initial two-day system health check with the system supplier, this is to begin the process of addressing the capability issues. It is proposed that the centrally held funding is utilised to fund the costs of resources and operations to ensure complete compliance with the legislation governing payments to service providers.

## 5.0 SEN Inclusion Fund

- 5.1 Early Education and Childcare Statutory Guidance for Local Authorities places a requirement on local authorities to establish an Early Years SEN Inclusion fund to support 3- and 4-year olds [not those in reception] with emerging SEND. This funding is to enable children to have the opportunity to access an Ofsted registered provision e.g. Maintained nursery classes, PVI's and childminders and to fully engage with the Early Years Foundation Stage (EYFS).
- 5.2 For the academic year 2019-2020 there has been an increase in applications to the Inclusion Funding panel and there are currently 74 children in mainstream, 46 children in PVI's and 3 resources applications.
- 5.3 This year we have supported requests for 30-hour entitlement and out of the 120 children receiving Inclusion Funding, 21 children have received this creating double funding. A further impact on this year's budget spend is that 9 children are supported through summer born deferral and therefore receiving a continued nursery placement and Inclusion Funding.
- 5.4 This funding supports the most severe and complex needs children to access an Inclusive provision and we are now predicting that any further agreed new applications will create an overspend within this budget.

## 6.0 Actions

- 6.1 The consultation period will run from Thursday 21 November to close of play on Wednesday 4 December. **Responses received after this period will not be considered.**
- 6.2 Please email your responses to [Schools.Resources@wolverhampton.gov.uk](mailto:Schools.Resources@wolverhampton.gov.uk), marking the subject "EARLY YEARS FUNDING CONSULTATION RESPONSE"
- 6.3 Appendix 1 provides settings with indicative figures using 2019-2020 data to illustrate a like for like settlement.
- 6.4 Each setting is allowed a single response. Any additional responses received will not be considered.
- 6.5 Further representations can be made via your Schools' Forum representative.
- 6.6 Should you require any further information, please contact Debra Boniface – 01902 557975 or by email – [Debra.Boniface@wolverhampton.gov.uk](mailto:Debra.Boniface@wolverhampton.gov.uk), including EARLY YEARS FUNDING CONSULTATION in the subject line.

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