DfE Changes – Update November 2016 to January 2017

Early Years Funding consultation - government response
1. The DfE has published a summary of the responses received to the consultation on the proposals to improve the way early years funding is allocated, alongside the government’s response outlining the next steps.

2. With the strong support of respondents, the formula will feature three funding factors that determine the funding per child that each local authority receives:
   a) a base rate of funding for each child;
   b) an additional needs factor, reflecting the extra costs of supporting children with additional needs to achieve good early learning and development outcomes; and
   c) an area cost adjustment, reflecting the different costs of providing childcare in different areas of the country.

3. Key policies include:
   National funding to local authorities
   • Hourly funding rates (national average) will increase from £4.56 to £4.94 for three- and four-year olds (including the Early Years Pupil Premium, the Disability Access Fund as well as our supplementary funding for maintained nursery schools, and quality and expertise funding).
   • Every local authority will receive a minimum funding rate of at least £4.30 per hour. This will give local authorities the scope to pay providers an average funding rate of at least £4 per hour.
   • Hourly funding rates (national average) will increase from £5.09 to £5.39 for two-year olds, based on the existing two-year old formula.
   • A new early years national funding formula will allocate funding to local authorities for the existing 15-hour entitlement for all three- and four-year olds and the additional 15 hours for three- and four-year children of eligible working parents. It will consist of a base rate and an uplift for additional needs, based on measures of free school meals; Disability Living Allowance and English as an additional language.
   • The formula will also include an area cost adjustment multiplier to reflect variations in local costs. This will use the general labour market measure to reflect staff costs and the Nursery Rates Cost Adjustment (NRCA) to reflect premises costs.
   • While 80% of local authorities will see increases in their hourly funding rates, we will set a funding floor to ensure that no authority will see a reduction of more than 10% as a result of the formula. Transitional protections will ensure that no local authority sees an annual reduction in their hourly funding rates of more than 5%.

Local funding from local authorities to providers
• Local authorities will be required to pass 93% in 2017-18 then 95% from 2018-19 onwards of early years funding to providers.
• Local authorities will use a universal base rate to fund providers for each hour of the free entitlement, by no later than 2019-20, bringing about greater equality in funding between different types of provider.
• The government will provide supplementary funding of £55 million a year to local authorities for maintained nursery schools for the duration of this Parliament, to keep their funding stable during the implementation of the national funding formula.
• Local authorities will be able to use a limited set of funding supplements, with a total value capped at 10% of allocated budget to providers. The permitted supplements are for deprivation (mandatory, but for authorities to decide locally the measures they use); discretionary supplements for rurality/sparsity; flexibility; quality (to support workforce qualifications and system leadership); and a supplement for English as an additional language.
• The government will not include supplements for efficiency or for delivery of additional 15 hours.

Meeting children’s additional needs
• There will be a new Disability Access Fund (DAF) of £12.5m, equivalent to £615 per child per year to support access to the free entitlements. This Fund will be for three- and four-year olds who are taking up their free entitlement and are in receipt of Disability Living Allowance. It is estimated that Wiltshire will receive £0.110 million through this fund.
• We will legislate for every area to set up a local inclusion fund for children with special educational needs, by April 2017, to support providers in driving outcomes for these children. Local authorities will need to include this in their Local Offer. Wiltshire already has an inclusion fund and at the schools forum meeting on 12th January it was agreed this would be increased in 2017-18.
• The Early Years Pupil Premium (EYPP) will continue. In future, government will review the delivery mechanism for the EYPP alongside the DAF.

4. The funding formula will apply from April 2017 for the existing 15 hour entitlement and from September 2017, for the additional 15 hours of free childcare for working parents. The full response can be found here.1

Early years national funding formula: allocations and guidance
5. Details on how much funding local authorities will get for the financial year 2017 to 2018, and operational guidance to help local authorities implement the funding changes have been published and can be accessed here.2

6. Wiltshire will receive funding at the rate of £4.30 per hour and will therefore be on the minimum level of funding for the free entitlement for 3 & 4 year olds. The hourly rate for 2 year olds in Wiltshire has been confirmed as £5.32. All of this will be passed directly to providers for 2 year olds accessing the entitlement.

7. Following Schools Forum meeting on 12th January it is proposed that 98% of the early years funding (3 & 4 year olds) will be passed directly to providers in Wiltshire. This results in a basic hourly rate of £4.14 for all providers, an increase from £3.81 in the current year.

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1 https://www.gov.uk/government/consultations/early-years-funding-changes-to-funding-for-3-and-4-year-olds
Schools national funding formula: government consultation response - stage 1

8. Further to the announcement in July that the schools national funding formula would be introduced in 2018-19 rather than 2017-18 as initially proposed, the government has now published a summary of the responses received during the first phase of the consultation on the national funding formulae for schools, high needs and the central school services block. The vast majority of the comments agreed that a national funding formula would ensure that school funding is fair, open, and transparent, as well as enabling more equal opportunity across all schools.

9. In summary, the government will:
   • introduce national funding formulae for schools, high needs and local authority services for schools in 2018-19;
   • create a fourth block of the dedicated schools grant (DSG), to fund those duties that local authorities carry out for both maintained schools and academies, such as admissions and education welfare services. This new block will be called the central school services block.
   • have a school-level ('hard') formula for the schools block from 2019-20, where each school's budget would be set nationally. Under this formula, local authorities will continue to make decisions about how to spend their high needs, early years and central school services blocks, but there will be limited flexibility for local authorities in how they allocate the schools block funding.
   • continue to allow multi-academy trusts (MATs) to redistribute funding between schools in their Trust.

10. For the high needs block:
   • protect each local authority’s high needs block from any loss as a result of the introduction of this formula.
   • fund all local authorities to prepare and implement strategic plans that enable them to spend their high needs funding in a way that achieves the best outcomes for children and young people with high needs
   • provide capital funding to support the expansion of special provision in schools (including mainstream schools) and other institutions, and progress a new route for more special schools to be established through the free schools programme.

11. The pupil premium, pupil premium plus, and service premium will continue to operate through the separate pupil premium grant. The full report can be found here.

Schools national funding formula - stage 2 consultation

12. The second phase of the national schools funding formula consultation has been launched regarding the detailed design of the formula, and building on the earlier consultation on the principles and structure. Views are being sought on:
   • the weighting for each factor in the schools national funding formula (basic per-pupil funding, additional needs funding, school-led funding, and area cost adjustment)
   • the transition to the formula
   • the implementation of the formula

3 https://www.gov.uk/government/consultations/schools-national-funding-formula
13. The formula should distribute the majority of funding on the basis of pupil numbers and characteristics rather than types of schools or their premises; direct more funding than is currently explicitly directed towards pupils with additional needs and recognise educational disadvantage in its widest sense; and recognise that some schools face additional costs because they are small and serving rural communities.

14. The consultation closes on 22 March 2017, with the results and the government’s response due to be published in Summer 2017. The full consultation can be found here.

15. Initial data provided in support of the consultation proposals indicates that Wiltshire would gain overall from the proposed national funding formula with a full year impact showing a potential increase of 2.4%. The expected impact, based on 2016 pupil numbers, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Current Funding</th>
<th>Full NFF Funding</th>
<th>% Change</th>
<th>Transitional Yr1 Funding</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>£140,829,000</td>
<td>£144,666,000</td>
<td>2.72%</td>
<td>£142,794,000</td>
<td>1.40%</td>
</tr>
<tr>
<td>Secondary</td>
<td>£113,324,000</td>
<td>£115,582,000</td>
<td>1.99%</td>
<td>£115,069,000</td>
<td>1.54%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>£254,153,000</td>
<td>£260,248,000</td>
<td>2.40%</td>
<td>£257,863,000</td>
<td>1.46%</td>
</tr>
</tbody>
</table>

Table 1: Indicative Funding for Wiltshire under a NFF

<table>
<thead>
<tr>
<th></th>
<th>No. of Schools</th>
<th>Gainers</th>
<th>Losers</th>
<th>No Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>201</td>
<td>176</td>
<td>23</td>
<td>2</td>
</tr>
<tr>
<td>Secondary</td>
<td>30</td>
<td>23</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>231</td>
<td>199</td>
<td>29</td>
<td>3</td>
</tr>
</tbody>
</table>

Table 2: Numbers of Wiltshire Schools Gaining and Losing under the NFF

<table>
<thead>
<tr>
<th></th>
<th>Overall Gainers</th>
<th>Overall Losers</th>
<th>Average Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>1,965,000</td>
<td>-211,000</td>
<td>£9,776</td>
</tr>
<tr>
<td>Secondary</td>
<td>1,745,000</td>
<td>-194,000</td>
<td>£58,167</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,710,000</td>
<td>-405,000</td>
<td></td>
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</tbody>
</table>

Table 3: Amounts Gained and Lost under the NFF

Proposal for National Funding Formula for High Needs
16. The DfE has also issued proposals for a national funding formula for high needs funding within the Dedicated Schools Grant. The response date for this consultation is also 22nd March 2017. In order to maintain some stability in funding levels, it is proposed that 50% of funding for high needs will be based on current spending patterns and 50% according to a formula. The

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relative weightings of the proposed formula factors are still to be agreed. The exemplifications published with the consultation indicate that Wiltshire does not gain from the proposed national formula and will therefore be on the funding floor for high needs.

17. The full consultation can be found [here](https://www.gov.uk/government/consultations/high-needs-national-funding-formula-stage-2).

**High needs strategic planning fund**

18. The government has announced £23m funding to local authorities to carry out strategic reviews of their high needs provision. Local authorities are expected to use the funding to increase their capacity so that their review and planning of special provision is high-quality and collaborative, and also be used to help implement the outcomes of the reviews. Local authorities should publish the outcomes of these reviews in the form of strategic plans to demonstrate transparency and accountability.

19. Further information on the fund, including individual local authority allocations, can be found [here](https://www.gov.uk/government/publications/high-needs-strategic-planning-fund).

**New funding for school improvement**

20. The Secretary of State has announced new resources for supporting school improvement, including:

- A £50 million a year fund for local authorities to continue to monitor and commission school improvement for low-performing maintained schools from September 2017
- A new £140 million 'Strategic School Improvement Fund' for academies and maintained schools - aimed at ensuring resources are targeted at the schools most in need of support to drive up standards, use their resources most effectively and deliver more good school places
- A commitment from the Education Endowment Foundation (EEF) to spend a further £20 million to scale up and disseminate evidence-based programmes and approaches.


**Academies Update**

22. Number in Wiltshire at the beginning of January 2017:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Sponsored academies</td>
<td>17</td>
</tr>
<tr>
<td>Non-sponsored converter academies</td>
<td>61</td>
</tr>
</tbody>
</table>

23. New academies in this period:

| Forest & Sandridge CofE Primary |

**Annual Report 2015/16**

24. Ofsted published its latest *state of the nation* report into the quality of schools, early years and the further education and skills sector. Key highlights include:

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• For the sixth year in a row, the proportion of good and outstanding nurseries, pre-schools and childminders has risen and now stands at 91%.
• The proportion of good and outstanding primary schools has risen from 69% to 90% in the last five years.
• Secondary schools have improved and 78% are now good or outstanding.
• Pressures on the supply of secondary teachers have not abated, 15 of the 18 curriculum subjects had unfilled training places this year.
• The proportion of good or outstanding FE colleges has declined from 77% in 2015, to 71% this year
• There are some signs of improvement in the quality of apprenticeships. However, the supply of high quality apprenticeships at level 3 is not yet meeting demand.

25. The report, accompanying announcement and data can be found here.

National Assessment and Accreditation System for child and family social workers (NAAS)

26. This DfE has launched a consultation for the new National Assessment and Accreditation System for child and family social workers (NAAS). The introduction of NAAS is aimed to provide a consistent way of providing assurance that child and family social workers, supervisors and leaders have the knowledge and skills required for effective practice.

27. They are seeking views on:
• how we intend to deliver a national assessment and accreditation system for child and family social workers as part of our wider reforms of children’s social care.
• the future career pathway for child and family social workers.
• the role of the National Assessment and Accreditation System.

28. This consultation will run until 14 March 2017 with the results and the department's response being published in spring 2017. The consultation can be accessed here.

Junior individual saving accounts for looked-after children

29. The statutory guidance on Junior ISAs has been updated. Children looked after for 12 months or more and not eligible for a Child Trust Fund are entitled to a £200 payment from the Government into a Junior Individual Savings Account (Junior ISA). The Department for Education has contracted The Share Foundation to administer the scheme until the end of March 2019. The guidance will next be reviewed later in 2017, when responsibility for managing Child Trust Funds (CTFs) also passes to The Share Foundation.

Government response to Sir Martin Narey’s independent review of residential care

30. The government has published its response to Sir Martin Narey’s final report on the review of children’s residential care in England. Next steps will include:
• setting up a Residential Care Leadership Board,
• continuing the national fostering stocktake,
• issuing practical advice and guidance on restraint,

via the Children’s Social Care Innovation Programme, piloting variations of Staying Close,
encouraging local authorities and other partners to come together to develop new and better commissioning arrangements for residential care placements,
supporting more dynamic and creative way to better support children and link seamlessly with other care placements and services.

31. The full government response can be found here\textsuperscript{11}.

**Youth Justice Review**

32. The Ministry of Justice has published Charlie Taylor’s final review of the youth justice system. Some of the key recommendations in the report include:

- The needs of victims will be at the heart of the youth justice system and wherever possible a restorative approaches will be used.
- The replacement of YOIs and STCs with new ‘secure schools’ for up to 70 children located within the regions that they serve, health services to be integrated as well.
- The MoJ should consider introducing a presumption that all cases involving children and young people should be heard in the Youth Court, with suitably qualified judges.
- The government should introduce a new system of ‘Children’s Panels’ to investigate the causes of a child’s behaviour and put in place plans to tackle the factors associated with offending.
- Ofsted should lead the regulation of local youth offending services, in conjunction with HMI Probation and the CQC.
- Creation of an ‘Office of the Youth Justice Commissioner,’ a specific directorate within the MoJ which replaces the YJB and brings together a single place responsibility for policy and delivery of youth justice.

33. The government announced the creation of two new secure schools, a £15 million investment in staffing at YOIs and the development of a new apprenticeship pathway to be delivered in the secure estate in order to boost employment chances and reduce reoffending rates.

34. The full report and government response can be found here\textsuperscript{12}.

**Update on the social care common inspection framework (SCCIF)**

35. Since the summer Ofsted has been sharing its proposals for a social care common inspection framework (SCCIF) for its inspection of regulatory settings from April 2017.

36. Since 1 November Ofsted has been undertaking a series of SCCIF pilot inspections. The pilots are testing the impact of the proposed IFA inspection notice reduction, and the proposed SCCIF evaluation schedule and judgement structure across the range of SCCIF setting types including IFAs, an ASA, a VAA, a boarding school and a further education college.

37. The SCCIF will be published in late February 2017 ahead of its implementation from 1 April 2017.

\textsuperscript{11} https://www.gov.uk/government/publications/childrens-residential-care-in-england
\textsuperscript{12} https://www.gov.uk/government/publications/review-of-the-youth-justice-system
Update on the new inspections of local authority children’s services (ILACS)

38. Ofsted has recently been in conversation with key partners as it continues to develop the new inspection of local authority children’s services (ILACS), which is to be implemented in early 2018.

39. Ofsted are developing a model for ILACS in which inspection is one element of an inspection ‘system’ that focusses on improvement.

40. A number of pilots are scheduled in 2017 alongside short, focussed visits (which are not graded, but intended to support LAs). In parallel consideration is being given to how Ofsted could make best use of local authorities’ self-evaluation of social work practice, ongoing reviews of data and intelligence, and how the regional structure could support more focused discussions between inspectors and DCSs about this information.

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Corporate Director

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Largely taken from the DfE website content 24 November 2016 to 18 January 2017.