

THURROCK SCHOOLS FORUM REPORT

DATE: 1 October 2026
SUBJECT: DfE Consultation
REPORT OF: David May
THE REPORT IS: For Information and Comment

1. PURPOSE OF THE REPORT

1.1 To inform members of the Schools Forum of the two DfE Consultations released Summer 2026.

- Upfront funding for mainstream schools: creating a 'local SEND inclusion formula'
- Changing the distribution of early years funding to local authorities

2. RECOMMENDATIONS

2.1 The Schools Forum is sighted on the consultations and responses returned to the Department of Education.

3. CONSULTATIONS

3.1 **Consultation on a voluntary scheme to transfer a share of high needs funding upfront to schools in 2027/28**

On 10 July 2026, the DfE [published a consultation](#) on the process for enabling volunteer local authorities to transfer a part of their high needs allocation through the education national funding formula (NFF) directly to core school budgets in exchange for lifting the self-funded SEND cost threshold (the level of SEND cost that the school has to absorb before seeking local authority support) from the current level of £6,000.

This shift would be implemented in 2027/28 and is being presented as a means of policy learning ahead of wider SEND reforms coming into place which intend to deliver the same reform but in a national, standardised way by permanently shrinking the local authority high needs budget in exchange for a larger core schools budget and a higher self-funded threshold for SEND costs before local authority support can be applied for. The intention behind the policy is to reduce the frequency of school applications for high needs funding in cases of relatively low need which could be met more flexibly and easily if schools could self-fund more of the cost.

Participation is not compulsory, and the scheme is not confirmed until after the consultation concludes, albeit with [draft guidance published alongside the consultation](#) to enable early conversations.

The guidance outlines the following process for local authorities interested in participating:

- Interested local authorities must submit a non-binding expression of interest, to the DfE by 18 September 2026 (the closing date for the consultation). DfE policy officials will then be in touch directly.
- The local authority then must develop and discuss the proposed local approach to implementing the aims of the policy with the DfE over August and September. This includes:
 - the level of self-funded cost that would be enabled locally (i.e. how much will the £6,000 threshold rise by);
 - the amount of funding from the local authority high needs block that would need to be transferred to the local maintained schools budget to enable schools to self-fund the higher threshold; and
 - the distribution formula to allocate this total transfer to individual maintained schools, as well as an approach to allocating bespoke amounts to schools which are outliers in their level of need that can't be predicted by a standardized formula. DfE's strong preference appears to be to have councils use factors which are already in the national funding formula framework, but the consultation considers giving more flexibility to use indicators outside the NFF as well.
- Following discussions with DfE, local authorities are required to consult with the schools forum on the arrangements ahead of formal submission of an application to participate, with a likely deadline of late October.

3.2 Thurrock's response was supportive of the direction of travel and recognised the need for pilots while asking for this to be in a controlled way that does not prevent moving to a new system once legislation is in place.

The key considerations at this stage for Thurrock are:

- Local Authority's hold the risk, especially with no confirmation of HNB budget 2027/28 and financial support for DSG deficits 2026/27 and 2027/28.
- Impossible timescale to consult with School Forum and Schools and submit proposals to the DfE by end of October.
- Need to understand the impact at individual school level, there will be winners and losers as the new approach will be formula driven. DfE consultation shows linkage with IDACI and Prior Attainment.
- Need to retain funding to target additional support where needed, potential additional cost. (Additional Need Support Fund policy)
- Is the system robust enough to implement the change and reduce the need for Education Health and Care Plans.

- Inter authority recoupment Implication – Unable to recover funds included in School Core budgets from Other Local Authority, cost implication.
- This was discussed at the Schools Forum Sub-Group on 15 September. This is a possible workstream alongside the development of universal band values.

3.3 Thurrock's response to the consultation is shown at Appendix A

3.4 **Consultation: Early years funding: proposed changes to the entitlements funding system**

The Government launched a [consultation on the early years entitlements funding system](#). This will impact Local Authority funding on how councils are funding and pass on funding to providers.

Key proposals include:

- **Greater targeting of disadvantage funding**, including requiring more EL2 (Early Learning for 2s) funding to be passed directly to providers and strengthening the purpose of the deprivation supplement, including setting a minimum level, to improve access for low-income families.
- **Best Start in Life focus**, considering how EY providers can be best involved in the development and delivery of BSIL local plans and Best Start Family Hub networks. Support for providers to ensure support for child's development at home.
- **SEND funding:**
 - Should LAs ensure all providers receive Inclusive Early Years Funding, how to ensure it is distributed in a way that targets local SEND needs.
 - A move from 2028-29 towards upfront inclusion funding through a mandatory inclusion supplement.
 - Replacement of SENIF and DAF with a single targeted SEND funding stream allocated through a national formula.
 - A recommendation that local authorities spend at least 0.75% of their Early Years Block on SENIF as an interim measure.
- **Changes to the Early Years National Funding Formula**, including updates to area cost data and introduction of IDACI within the 3- and 4-year-old deprivation factor, alongside transitional protections to manage funding changes.
- **Changes to local funding arrangements**, including:
 - Allowing LAs to redistribute unused contingency funding to providers.
 - Reducing local funding supplements from five categories to three (Deprivation, Inclusion and Site-Specific).
 - Exploring the separation of local authority central services funding from provider entitlement funding.
- **Ofsted fee reform**, with DfE seeking views on reducing or removing annual Early Years Register fees and funding these through a small top-slice of the entitlement funding budget instead.

The consultation closed on 14 September 2026.

- 3.5 The consultation creates a lot of uncertainty for 2027/28. The outcome of the consultation and the impact on Thurrock funded rates and therefore the amounts that can be paid to providers. There is the potential for funding rates to decrease.
- 3.6 Overall allocations of the early years block will be updated to reflect new labour cost adjustments (based on latest labour market data) and to reflect Income Deprivation Affecting Children Index (IDACI) scores from the latest Index of Multiple Deprivation release. For the 2-year-old and under-2-year-old element the latter is a data update, while for the 3-to-4-year-old element this is a new variable altogether, albeit diluting the current free school meal eligibility factor (proportion of children eligible for targeted free school meals).

There will be some transitional arrangements in place, but the consultation does not provide detail. The table below shows the illustrated outcome for Thurrock of the combined impact of changes in all three funding rates combined.

Early Years Funding Formula - Provider Funding Rates				
Rate Change	2026/27	0 or -2.5%	-1.25% or -3.75%	-2.4% or -4.9%
3 and 4 Year Olds	£5.90	£5.90	£5.83	£5.76
2 Year Olds	£8.80	£8.58	£8.47	£8.37
Under 2's	£12.00	£11.70	£11.55	£11.41

Impact of change in funding rates				
Rate Change	2026/27	0 or -2.5%	-1.25% or -3.75%	-2.4% or -4.9%
3 and 4 Year Olds	£15,231,021	£0	(£190,388)	(£365,545)
2 Year Olds	£9,739,109	(£243,478)	(£365,217)	(£477,216)
Under 2's	£9,169,337	(£229,233)	(£343,850)	(£449,298)
Pupil Premium	£590,468	£0	£0	£0
DAF	£166,725	£0	£0	£0
Total	£34,896,660	(£472,711)	(£899,454)	(£1,292,058)

- 3.7 Thurrock's response to the consultation is shown at Appendix B

4. CONTACT DETAILS OF LEAD OFFICER / AUTHOR

If you have any queries or comments in advance of the Schools Forum meeting about this report, please contact.

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Consultation Questions and Answers

Appendix A

Upfront funding for mainstream schools: creating a 'local SEND inclusion formula'

Submitted on 2026-09-15 14:00:48

Consultation Question

- 6 **Do you agree that DfE should allow local authorities to increase the share of funding, mainstream schools receive upfront to support their pupils' special educational needs (SEND)? This would involve local authorities funding a change to the amount schools are expected to fund from their core budget before accessing high needs 'top-up' funding.**

Consultation Response

Yes - It is a first step and strong Local Authority's, with their School Forum support, can implement to understand any benefit and/or financial impact prior to formal legislation being established.

However financial risk to the LA with no indicative funding allocations for 2027/28 and no known support for DSG deficits.

Capacity to implement for LA who are part of Local Government re-organisation.

Consultation Question

- 7 **If this policy is introduced, how should local authorities decide the new amount schools are expected to fund from their core budget before accessing 'top-up' funding?**

Consultation Response

For consistency this should be controlled and implemented by DfE with one or a limited number of approach(s) throughout the country.

Detail analysis would be required to understand the key threshold to reduce the number of EHCP's and allow schools flexibility to respond to the majority of emerging needs.

Consultation Question

- 8 **Should there be a maximum amount that local authorities can ask schools to fund from their core budget in 2027-28 before accessing 'top-up' funding? If so, what should it be? (This is set currently at £6,000 per pupil**

Consultation Response

Yes

Detail analysis would be required to understand the key threshold to reduce the number of EHCP's and allow schools flexibility to respond to the majority of emerging needs.

Needs to create a national system that may allow variances to understand impact, the margin of variance is managed to allow alignment in future years.

Consultation Question

- 9 **What is important for DfE to consider, when reviewing proposals from local authorities, to make sure proposed local funding distribution considers variation in levels of need and the costs of supporting those needs?**

Consultation Response

Funding needs to be appropriate to the transfer of responsibility.

This will need to be proven at overall level that the correct funding is allocated.

The challenge is that when applied through a formula this may be different at school level to the funding currently received.

A High Needs Additional Support policy will be required.

Cost implication and risk with LAs.

Consultation Question

- 10 **Would you prefer that the funding formula to distribute this funding from the high needs budget directly to school budgets is (i) set in line with nationally consistent factors or (ii) set at the discretion of each participating LA?**

Consultation Response

- (i) Nationally consistent funding formula

The direction of travel is a national system. High Needs Stability Grant is supporting LA's, DfE would want confidence that local decisions are not impacting on the level of DSG deficit.

Uncertainty and risk with LA. No confirmed indicative funding allocations 2027/28 and DSG Deficit support 2026/27 and 2027/28.

Consultation Question

- 11 **What safeguards do you think we should put in place within this policy to ensure that all children in mainstream schools, irrespective of their geographical location, have adequately funded SEND support?**

Consultation Response

A national approach to Notional SEN is required to use a formulaic approach to distribute this funding consistently.

A national exceptional support can then be established for outlying schools. Need to ensure formula implemented allows additional support to be by exception only.

Clear expectations of schools, transparency in the use of funds, accountability.

Consultation Question

- 12 **Do you have any other comments on this proposal?**

Consultation Response

From the start need consistency of approach. Would not want a situation when formal arrangements are introduced that could take a significant number of years for all LAs to be aligned.

Clear expectations of schools, transparency in the use of funds, accountability.

Significant risk with LA's no confirmed indicative funding allocations 2027/28 and DSG Deficit support 2026/27 and 2027/28

Consultation Questions and Answers

Appendix B

Early years funding: proposed changes to the entitlements funding system

Submitted on 2026-09-14 11:44:13

Our vision for Early Years funding, Meeting additional need in Early Years - Removing barriers to access for low-income families

Consultation Question

- 6 Do you agree that local authorities should pass on more of the EL2 funding rate to providers to support disadvantaged children and their families?**

Consultation Response

No, Unclear if this would this require changes to regulations? LA's receive the same rate for all 2 year olds and currently pay the same hourly rate to all providers. Deprivation is paid for those eligible based on post code of the child.

If the system allows with the funding available. Is this a reallocation of existing funding. Need to understand impact of reduction in hourly rates to be paid.

As a Local Authority, we have a comprehensive understanding of local demographics, levels of deprivation, sufficiency challenges, and patterns of take-up across our communities. This local intelligence enables funding to be targeted where it can have the greatest impact, ensuring that disadvantaged children who are least likely to access early education are prioritised.

If all EL2 funding were passed directly to providers, it would significantly reduce the Local Authority's ability to monitor uptake, identify gaps in provision, and support families who are less likely to engage with early education services. I do not believe that direct distribution of all funding to providers would increase participation. In fact, it could have the opposite effect, resulting in a decline in uptake among those families who would benefit most from targeted support and intervention.

Consultation Question

- 7 Do you agree with the Department setting out more clearly how the deprivation supplement should be used, setting a minimum level and clearer purpose to this funding so it more directly supports disadvantaged children?**

Consultation Response

Yes, A central system with a common approach across all LA's is always helpful. Is this a reallocation of existing funding. Need to understand impact of reduction in hourly rates to be paid.

Consultation Question

- 8 How might this funding be best used to support disadvantaged children to access early education and childcare?**

Consultation Response

Take up of the disadvantaged offer is awareness by the parent and willingness to send the child. Unclear how changing the rates to providers will facilitate increase take up.

Meeting additional need in Early Years - Expectations for delivering the Best Start in Life

Consultation Question

- 9 How can providers best be involved and play an active role in the development and delivery of the local Best Start Local plan and Best Start**

Consultation Response

Thurrock providers are involved in the delivery of the Best Start in Life through membership of governance and steering groups. We work closely with all early years providers and schools to increase GLD.

Consultation Question

- 10 What challenges do you think providers and local partners will need to overcome to ensure high quality and consistent advice to families about what they can do to support their child's development at home? How can the DfE and local authorities support providers in delivering this?**

Consultation Response

Ensuring families engage with services on offer and the Council increases the reach via on line apps, FIS website, Council website, social media campaigns, and resident newsletters. Development of early learning at home through engagement in family hub activities and evidenced based programmes to support HLE.

Meeting additional need in Early Years - Early Years SEND funding - Funding the universal offer

Consultation Question

- 11 When distributing upfront inclusion funding (currently IEYF), should local authorities ensure that all providers receive funding? How should providers use this funding where sums of money are small?**

Consultation Response

No

As proposed in the grant guidelines, funding needs to be of sufficient value to allow an impact to be made. Thurrock has introduced the threshold of £1,000. following DFE approach. Accountability of use should follow similar lines to Pupil Premium and demonstration of use on Provider website.

Many providers feel that the threshold has unintentionally created an exclusionary system where some settings are denied access to Inclusive Early Years Funding, despite supporting children with SEND and striving to develop inclusive practice.

The challenge is that inclusion funding is intended to help settings build their capacity to meet a diverse range of needs. By restricting access to funding below a certain level, there is a perception that some providers are being excluded from the very support that would enable them to become more inclusive. Providers have expressed concern that the current approach (using a de minimis threshold) effectively sends the message that their SEND needs are not significant enough to warrant investment, despite any additional needs requiring adjustments, resources, staff development, or specialist support. Whilst a relatively small allocation may not always deliver a significant standalone impact, even modest funding can contribute towards training, resources, environmental adaptations, or targeted interventions that collectively strengthen inclusive practice.

Consultation Question

12 Should local authorities distribute this funding through a mandatory inclusion supplement?

Consultation Response

Yes, A consistent approach across all LA's would be helpful

Consultation Question

13 How could local authorities distribute upfront inclusion funding in a way that targets local SEND need effectively?

Consultation Response

This is difficult within the early years sector to ensure that funding is available to support settings who consistently provided inclusive support. Need to consider data that distributes fairly. A national approach would be helpful. Early Years Inclusion fund would still be required for smaller settings, to support at individual child level.

Meeting additional need in Early Years - Early Years SEND funding - Changes to targeted funding from 2028 to 2029

Consultation Question

14 Do you agree we should replace SENIF and DAF with a new targeted funding stream for providers to access?

Consultation Response

No, A targeted funding stream would dilute the funding at individual child level. The SENIF would still be required for smaller settings. This is unlike schools where numbers are sufficient to ensure all receive some level of funding.

Consultation Question

15 Do you agree that the new targeted funding stream should be distributed to local authorities using a national formula? If so, what indicators or data could we use to allocate this?

Consultation Response

Don't know, further options need to be presented to allow consideration.

Consultation Question

16 Do you have any views on what a national framework for how this funding should be administered could include? Are there any existing local authority practices for administering SENIF you think work particularly well or not well?

Consultation Response

Meeting additional need in Early Years - Early Years SEND funding - Plan for transitioning to full implementation

Consultation Question

17 Do you agree that, as an interim measure, we should recommend a minimum spend of 0.75% of each local authority's early years block on SENIF?

Consultation Response

No, Thurrock already distributes 2.29%, is 0.75% too low to make an impact. If the value decreases, is this supported by an increase in funding rates to providers, this changes expectation on providers and may penalise smaller providers.

Meeting additional need in Early Years - Early Years SEND funding - Accountability

Consultation Question

18 What accountability arrangements should be in place to ensure inclusion and SEND funding is improving inclusive practice in settings?

Consultation Response

- Ofsted
- Provider website to demonstrate inclusivity and use of SEND funding
- LA officer monitoring

Increasing the overall effectiveness of the Early Years entitlements budget - National Changes - Plan for incorporating IDACI in 3-and-4-year-old rates

Consultation Question

19 Do you agree that IDACI should be introduced as a proxy for deprivation, alongside free school meals, in the 3- and 4-year-old formula, using this 'basket of measures' approach to capture both household and area-based dimensions of deprivation?

Consultation Response

Yes, this would be consistent with school funding formula. The most appropriate data sets need to be used when distributing funding

Increasing the overall effectiveness of the Early Years entitlements budget - National Changes - Plan for funding rates in 2027 to 2028

Consultation Question

20 For 2027 to 2028, do you agree we should implement transitional protections for local authorities, softening the level of year-on-year reduction a local authority can see?

Consultation Response

Yes

Consultation Question

21 How best do you think we could smooth local authorities' transition to formula driven rates, in a way that protects operational delivery, but ensures that authorities are funded in line with the latest available data?

Consultation Response

- Definitely yes, I am unclear how reduction in hourly rates received by LA and therefore reduction in rates paid to providers will be received.
- No increase but a real time decrease in rates has the potential to destabilise the financial resilience of settings.
- All providers need an increase in rates to fund minimum wage implications. Some increase but a restriction to the rate may offer some protection to settings.

Consultation Question

22 Do you think there would be value in having a minimum funding floor (MFF) for the 2-year-old and under-2 funding rates?

Consultation Response

Yes, this would provide some protection and be consistent with school funding formula protections.

Increasing the overall effectiveness of the Early Years entitlements budget - National Changes - Plan for ongoing improvement and future changes to the EYNFF

Consultation Question

23 Are there any improvements you would suggest to how the national funding formulae reflects different levels of additional need and cost variation, and are there any other changes you would like to see?

Consultation Response

Improvements and changes to EYNFF:

- Consistency of approach throughout the UK
- Area cost adjustment is required
- IDACI is required is this the best proxy for additional needs.

**Increasing the overall effectiveness of the Early Years entitlements budget –
Local Changes – Plan for redistributing unused contingency funding**

Consultation Question

- 24 Do you agree with the proposal to make it possible for local authorities to distribute emerging early years contingency funding underspends to providers during the year?**

Consultation Response

Don't know, we do not hold any contingency funding. Needs to be considered on the final EY funding that is only available after the financial year has closed.

**Increasing the overall effectiveness of the Early Years entitlements budget -
Local Changes - Plan for updating local supplements**

Consultation Question

- 25 Do you agree that the permissible categories for supplements should be reduced from five to three from financial year 2028 to 2029?**

Consultation Response

Yes, the simpler the formula the easier to understand and promote transparency

Consultation Question

- 26 Do you agree that Deprivation, Site Specific, and Inclusion are the right categories to have from financial year 2028 to 2029?**

Consultation Response

Yes, the simpler the formula the easier to understand and promote transparency. This is consistent with the national and school funding formula

Consultation Question

- 27 Do you think that there are any delivery issues to consider with the proposed new supplements in 2028 to 2029?**

Consultation Response

Changes to formula will need to be carefully managed to not destabilise the market and financial viability of settings.

**Increasing the overall effectiveness of the Early Years entitlements budget –
Local Changes – Plan for funding local authority central services separately
from entitlements funding**

Consultation Question

**28 Do you agree on the principle of funding central services separately from
provider funding through a standalone grant?**

Consultation Response

No, this should remain part of the DSG and not a separate grant.
Early years services provided are valued. Funding could be transferred into Central
School Services Block. Consistency is the key to maintain ongoing support that is
valued by providers

Consultation Question

**29 Should the government prescribe how the early years central services
grant is used? If so, to what extent?**

Consultation Response

No, Services provided are approved by the Schools Forum annually. If prescribed
need to ensure consistency of approach and expectation.

Consultation Question

**30 What type of early years central activities should be funded through this
grant?**

Consultation Response

- As currently provided, as valued by Providers.
- Economies of scale available to support small providers.

Consultation Question

31 What central services are currently provided by your local authority using this funding?

Consultation Response

- Funding and Sufficiency

Childcare Sufficiency, Early Years Entitlement and Wraparound Expansion, and Business Support, Business Development, support advice and training, recruitment and retention, finance audits, Nursery Funding, Provider support for Portal, Family support for nursery Funding.

- Welfare requirements

Statutory EYFS Welfare Requirements for EY Providers, Ofsted and EYFS Compliance, Ofsted preparation and post Ofsted actions, Safeguarding Child Protection CPD, Support advice and training, recruitment and retention.

- Learning and Development

School Support in Early Years, Moderation, 0-5 Learning and development CPD, Family Hubs HLE, AET, transition

- SEND

School and early years support in Early Years, Moderation, 0-5 Inclusive Learning and development CPD, Family Hubs HLE, AET, transition, local offer for parents

Changes to funding Ofsted Early Years Register Fees

Consultation Question

32 Would you support some of Ofsted's Early Years Register costs being funded through a top-slice of early years entitlement funding, in order to reduce or remove individual provider Early Years Register annual fees?

Consultation Response

Don't know only if a national approach is transparent and offers value for money for each LA.