

High Needs National Funding Formula Consultation**Policy Context**

1. This report supports the Council's aims as set out in the Council Plan and 'Vision 2030' of supporting fewer people with low level skills and more people with higher level skills through improved educational attainment and increased learning and development. The report also supports the Children Gateshead plan for children, young people and families.

Background

2. The government committed through the 2015 spending review the intention to introduce the first ever national funding formula for schools, early years and high needs to "match funding directly and transparently to need". Therefore the Department for Education (DfE) released a second stage consultation on 14th December 2016, setting out its proposals for the process of moving towards implementation of a national funding formula for high needs, inviting responses to the consultation to be submitted by 22nd March 2017.
3. This consultation is the second stage regarding the main principles of a national funding formula for High Needs, the response to which will form the basis of the National High Needs funding formula to be implemented from 2018/19.

The key updates and proposals within the consultation include:

- The DfE's response to the stage 1 consultation
 - The DfE's proposed values and weightings for the factors and adjustments in the high needs national funding formula. These details were described in detail in the January report.
 - The introduction of a funding floor, so that no Local Authority (LA) will face a reduction in high needs funding as a result of the formula
 - How the DfE propose to operate some limited local budget flexibility that enables LAs, through agreements to move some schools funding into the high needs budgets.
4. The consultation response deadline was 22nd March 2017 and the Council's response is attached.

Consultation

5. The Cabinet Members for Children and Young People have been consulted. The views of schools were conveyed through a separate submission by schools forum.

Alternative Options

6. The Council was not obliged to make a response, but to not do so would remove our ability to influence the future of High Needs Funding.

Implications of Recommended Option

7. Resources:

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that there are no specific financial implications as a result of this consultation response; however the proposed funding reforms may have financial implications depending on the outcome of the consultation.
- b) **Human Resources Implications** – The Strategic Director, Corporate Services and Governance confirms that there are no specific human resource implications identified as a result of this consultation, response however the proposed funding reforms may have human resource implications depending on the outcome of the consultation.
- c) **Property Implications** - The Strategic Director, Corporate Services and Governance confirms that there are no specific property implications as a result of this consultation response.

8. **Risk Management Implication** - None

9. **Equality and Diversity Implications** - None

10. **Crime and Disorder Implications** – None

11. **Health Implications** - None

12. **Sustainability Implications** - None

13. **Human Rights Implications** - None

14. **Area and Ward Implications** - None

1. In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?

Yes No

Please explain your reasoning and any further evidence we should take into account:

Basic entitlement should not be £4,000 per student when the national SBUF average for mainstream schools is £4,618 and Gateshead's SBUF is £4,570 in 2017/18. The basic entitlement for each authority should be the same as the SBUF for mainstream schools in that area. This would be the only way in which you could negate any perverse incentives to place or not place children with SEND in special schools

We are proposing a formula comprising a number of formula factors with different values and weightings.

We ask respondents to bear in mind with each question on this page that we are redistributing funding. Any money that we put into one factor will have to come from another factor. We have indicated what we think is the right proportion or amount for each factor.

2. Do you agree with the following proposals?

	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
Historic spend factor - To allocate to each local authority a sum equal to 50% of its planned spending baseline			

Please explain your reasoning and any further evidence we should take into account:

	Allocate a higher amount	This is about the right amount	Allocate a lower amount
Basic entitlement - To allocate to each local authority £4,000 per pupil			

Please explain your reasoning and any further evidence we should take into account:

As explained in answer to Q1, Basic entitlement should not be £4.000 per student when national average for mainstream schools is £4,618 and Gateshead's is £4,570 in 2017/18. The basic entitlement for each authority should be the same as the SBUF for mainstream schools in that area. This would be the only way in which you could negate any perverse incentives to place or not place children with SEND in special schools

3. We propose to use the following weightings for each of the formula factors listed below, adding up to 100%. Do you agree?

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Population – 50%

Please explain your reasoning and any further evidence we should take into account:

Population is not a direct indicator of the prevalence of SEND within an area. Of the indicators, health and disability is a better indicator of SEND, followed by deprivation therefore should have a greater % of weighting and population less

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Free school meals (FSM) eligibility – 10%

Please explain your reasoning and any further evidence we should take into account:

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Income deprivation affecting children index (IDACI) – 10%

Please explain your reasoning and any further evidence we should take into account:

Deprivation is a better indicator of SEND than population

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Key stage 2 low attainment – 7.5%

Please explain your reasoning and any further evidence we should take into account:

Using low attainment as a formula factor will disadvantage those higher performing authorities as they will receive less funding than comparatively underperforming authorities.

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Key stage 4 low attainment – 7.5%

Please explain your reasoning and any further evidence we should take into account:

Using low attainment as a formula factor will disadvantage those higher performing authorities as they will receive less funding than comparatively underperforming authorities.

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Children in bad health
– 7.5%

Please explain your reasoning and any further evidence we should take into account:

Although Bad Health is not a fully reliable indicator of SEND prevalence, it is still a better indicator of SEND prevalence than population

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Disability living allowance (DLA) –
7.5%

Please explain your reasoning and any further evidence we should take into account:

Although Levels of DLA is not a fully reliable indicator of SEND prevalence, it is still a better indicator of SEND prevalence than population

4. Do you agree with the principle of protecting local authorities from reductions in funding as a result of this formula? This is referred to as a funding floor in the consultation document.

Yes No

Please explain your reasoning and any further evidence we should take into account:

Higher funded authorities should not be cut to fund lower funded authorities, as the investment identified in the spending review over the period to 2020 is to bring those lower funded authorities in line with the average.

5. Do you support our proposal to set the funding floor such that no local authority will see a reduction in funding, compared to their spending baseline?

Yes No

Please explain your reasoning and any further evidence we should take into account:

Higher funded authorities should not be cut to fund lower funded authorities, as the investment identified in the spending review over the period to 2020 is to bring those lower funded authorities in line with the average.

6. Do you agree with our proposals to allow limited flexibility between schools and high needs budgets in 2018-19?

Yes No

Please explain your reasoning and any further evidence we should take into account:

There should be no restrictions on the amount of funding that can be transferred between the schools and high needs block in 2018/19, and it should be exempt from MFG if any transfers occur, as in reality there is no scope to move money between the blocks if local authorities are obliged to meet the minimum funding guarantee.

7. Do you have any suggestions about the level of flexibility we should allow between schools and high needs budgets in 2019-20 and beyond?

We are developing our proposals on the level of flexibility to allow in the longer term. We will consult fully on our proposals at a later stage, but would welcome any initial comments now.

There should be no restrictions on the amount of funding that can be transferred between the schools and high needs block in 2018/19, and it should be exempt from MFG if any transfers occur, as in reality there is no scope to move money between the blocks if local authorities are obliged to meet the minimum funding guarantee.