
TITLE OF REPORT: DfE High Needs Funding Consultation – April 2017

Purpose of the Report

To bring to Schools Forum's attention the current consultation released by the DfE on a number of proposed reforms to High Needs Funding. This report is supplemental to the report presented to Forum in March 2016.

Background

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 six week consultation on 7th March 2016, setting out its proposals for the process of moving towards a national funding formula for high needs, inviting responses to the consultation to be submitted by 17th April 2016.

Consultation

This consultation is the first stage regarding the main principles of a national funding formula for High Needs, and a "stage two" consultation will be launched before the end of the summer on the detail of the proposals, including potential financial implications for individual Local Authorities and Schools.

The key proposals within the consultation include:

- To introduce a national funding formula for high needs from 2017-18 over 5 years;
- To use factors in the formula including population; health; disability; low attainment; and deprivation;
- To continue to allocate funding to local authorities for high needs, but on a formula basis;
- To retaining a significant element of funding based on what local authorities are currently spending, and capping the gains and losses of local authorities each year;
- To provide financial and practical help to authorities to assist them in reshaping their provision, including capital funding for new specialist places and new special free schools

The consultation paper and supplementary information below set out the details behind the proposals. An email was sent out to all schools on 23rd March which contained a copy of the draft consultation response in **Appendix 1**, encouraging them to either respond directly as a School to the consultation, or to feedback comments to me for inclusion in the Gateshead Council/ Schools Forum response.

High Needs Funding Reform Consultation Document

- https://consult.education.gov.uk/funding-policy-unit/high-needs-fundingreform/supporting_documents/HighNeedsFundingReform_Consultation.pdf

Online response form:

- <https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform/consultation/intro/view>

High Needs Funding Consultation Technical Note

- https://consult.education.gov.uk/funding-policy-unit/high-needs-fundingreform/supporting_documents/HighNeedsFundingConsultation_TechnicalNote.pdf

Research on funding for young people with special educational needs

- https://consult.education.gov.uk/funding-policy-unit/high-needs-fundingreform/supporting_documents/Research_on_Funding_for_young_people_with_special_educational_needs.pdf

Proposal

Schools Forum reviews, discusses and amends as required the attached draft consultation response at Appendix 1, in order to submit a Schools Forum response to the consultation.

Recommendations

That Schools Forum notes the contents of the report and reviews the draft consultation response to submit on behalf of Gateshead Schools Forum.

For the following reasons:

To enable Schools Forum to have an input into the consultation regarding the changes to High Needs Funding, and to put forward their collective views.

CONTACT: Alan Foster

Appendix 1 – Draft High Needs Funding Consultation Response

A. Name

First name:

Last name:

B. Email address

If you enter your email address you will be able to return to edit your consultation at any time until you submit it. You will also receive an acknowledgement email when you submit your response.

Email: alanfoster@gateshead.gov.uk

C. Response type

Please select your role from the list below:

Please select your organisation type from the list below:

Organisation name: Gateshead Council

Local authority area:

D. Would you like your response to be confidential?

Yes No

Information provided in response to consultations, including personal information, may be subject to publication or disclosure under the Freedom of Information Act 2000, the Data Protection Act 1998 or the Environmental Information Regulations 2004.

If you want all, or any part, of a response to be treated as confidential, please explain why you consider it to be confidential.

If a request for disclosure of the information you have provided is received, your explanation about why you consider it to be confidential will be taken into account, but no assurance can be given that confidentiality can be maintained. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Education will process your personal data (name and address and any other identifying material) in accordance with the Data Protection Act 1998, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

Please give your reason for confidentiality:

1. Do you agree with our proposed principles for the funding system?

The principles are set out on pages 19 and 20 of the consultation.

Yes No

Please provide any further comments:

The Authority's response on the proposed principles have been taken in light of the proposed funding envelope, in that there is a real terms reduction in schools funding over the term of this parliament, whereby any reallocation of funding at a national level will mean winners and losers, with the losers having minimal transitional protection, due to there being no additional funding to smooth the transition.

The Authority disagrees with the principle that the funding system should be simple, it is our view that the complex and varied system that is education in the UK warrants a funding system that is "fit for purpose", which doesn't always mean simple. Funding streams (ie DSG/ ESG) have been separate and have not been combined in the past to reflect that regardless of the size of school, a number of core responsibilities with fixed costs (finance/ HR/ legal/ school improvement) remain.

The authority agrees with the principle that the funding system should be efficient, but the proposal to ring-fence the blocks is not efficient as it will not promote the "right behaviours" across the system as a whole as there will be no impact on mainstream schools that are not inclusive of SEN or permanently excluded pupils.

The current funding system already gets funding to the front line, with 99.1% of Gateshead schools funding in 2015/16 going to schools budgets, with the remaining 0.9% retained by the LA approved each year by schools forum as being value for money and suitable.

2. Do you agree that the majority of high needs funding should be distributed to local authorities rather than directly to schools and other institutions?

Our proposal is on page 22 of the consultation.

Yes No

Please provide any further comments

3. Do you agree that the high needs formula should be based on proxy measures of need, not the assessed needs of children and young people?

Our proposal is on pages 22 and 23 of the consultation.

Yes No

Please provide any further comments:

This will remove any perverse incentives associated with allocating funding on assessed need, but as provision, types of schools and local arrangements differ significantly, the move to a national formula must be carefully handled.

4. Do you agree with the basic factors proposed for the formula?

Our proposal is on pages 23 to 29 of the consultation. More information on the proposed indicators for the factors is included in the technical note.

	Agree	Disagree
Basic entitlement	Agree <input checked="" type="radio"/>	Disagree <input type="radio"/>
Population	Agree <input checked="" type="radio"/>	Disagree <input type="radio"/>
Child health	Agree <input type="radio"/>	Disagree <input checked="" type="radio"/>
Child disability	Agree <input checked="" type="radio"/>	Disagree <input type="radio"/>
Low attainment at key stage 2	Agree <input checked="" type="radio"/>	Disagree <input type="radio"/>
Low attainment at key stage 4	Agree <input checked="" type="radio"/>	Disagree <input type="radio"/>
Deprivation - free school meal eligibility	Agree <input checked="" type="radio"/>	Disagree <input type="radio"/>
Deprivation - income deprivation affecting children index	Agree <input checked="" type="radio"/>	Disagree <input type="radio"/>
Adjustments - for "imports/exports"	Agree <input checked="" type="radio"/>	Disagree <input type="radio"/>

Please provide any further comments. We welcome comments on the indicators we use for these factors.

The Children Not in Good Health data is based on census data and is an optional entry on the census, so this data may not provide a reasonable indicator of prevalence.

5. We are not proposing to make changes to the distribution of funding for hospital education, but would welcome views as we continue working with representatives of this sector on the way forward.

Funding for hospital education is covered on page 29 of the consultation.

6. Which methodology for the area cost adjustment do you support?

Our proposal for the area cost adjustment is on page 30 of the consultation.

There are 2 potential methodologies:

- i) The **general labour market (GLM)** methodology reflects differences in labour costs between different areas. It is based on the Department for Communities and Local Government's labour cost adjustment, which is used to allocate funds to local authorities.
- ii) The **hybrid** area cost adjustment has 2 elements: teachers' pay costs and non-teaching staff pay costs. For the teachers' pay element, it calculates notional averages for 4 regional pay bands: inner London, outer London, the fringe and the rest of England. The non-teaching staff costs element is based on the GLM methodology.

The hybrid measure reflects that the costs of teachers are lower in higher cost areas than the GLM indices would suggest. The use of notional averages is also intended to mitigate against the fact that schools in some local authorities can offer higher salaries because they are well funded.

- general labour market methodology hybrid methodology

Please provide any further comments. In particular, we welcome views on whether we should adopt an adjustment that reflects that specialist settings, compared with mainstream institutions, often employ more teaching assistants and other non-teaching staff.

The area cost adjustment must include teaching costs within its methodology to ensure to ensure an accurate measure of school costs. The general labour market methodology does not and therefore may not give a true representation of the costs between schools in different parts of the country.

7. Do you agree that we should include a proportion of 2016-17 spending in the formula allocations of funding for high needs?

Yes No

Please provide any further comments:

8. Do you agree with our proposal to protect local authorities' funding through an overall minimum funding guarantee?

Yes No

Please provide any further comments:

The MFG must be at a level to ensure that sufficient time is given to Local Authorities to manage any funding reductions in the most reasonable way so as to not have a detrimental impact of provision to young people.

9. We welcome views on what should be covered in any national guidelines on what schools offer for their pupils with special educational needs and disabilities.

Our initial response to the Isos research proposal to provide national guidelines is on pages 37 and 38 of the consultation. It emphasises the importance of schools' decisions about what kind of support is most appropriate for their pupils with special educational needs, working in partnership with parents.

There should be a stipulation of a reasonable % of the school budget that should be allocated to SEN based on all of the research conducted by Isos, rather than just advising on what kind of support is appropriate. This will provide clarity to both schools and Local Authorities, particularly when they are conversing regarding top-up funding.

It is called 'notional' for a reason, in that LA's have calculated it in the past to provide an indication to schools based on their individual characteristics.

10. Do you agree with the proposed changes to the funding of special units in mainstream schools?

We are proposing that special units in mainstream schools receive the per-pupil amounts that would be due to the school by including the pupils in the units within the school's pupil count, plus place funding of £6,000, rather than £10,000 per place.

Further information is on pages 38 and 39 of the consultation.

Agree Disagree

Please provide any further comments:

11. We welcome examples of local authorities that are using centrally-retained funding in a strategic way to overcome barriers to integration and inclusion.

Information about how local authorities can use central funding to encourage appropriate mainstream inclusion is on page 39 of the consultation.

We welcome in particular examples of where this funding has been allocated on an 'invest-to-save' basis, achieving reductions in high needs spending over the longer term.

We would like to publish good examples we receive. Please check the box if you do not wish your response to be published.

I do not wish my response to be published

n/a

12. We welcome examples of where centrally-retained funding is used to support schools that are very inclusive and have a high proportion of pupils with particular types of special education needs, or a disproportionate number of pupils with high needs.

As set out on page 40 of the consultation, the Isos report proposed that we should issue clearer guidance on how this funding can be targeted. Before we do so we are keen to have examples of what local authorities are doing to achieve value for money in this area.

13. Do you agree that independent special schools should be given the opportunity to receive place funding directly from the Education Funding Agency with the balance in the form of top-up funding from local authorities?

Our proposal about the funding of independent special schools is on pages 40 and 41 of the consultation.

Agree Disagree

Please provide any further comments:

These providers represent less than 0.1% of provision in Gateshead, and their status as "independent" suggests they should be independent of the mainstream arrangements. We use these placements very sparingly and the risk is that any funding on the basis of maintained, academy and non-maintained special schools may mean that funding is top sliced from the high needs block for a number of years after provision has ended with an independent provider.

14. We welcome views on the outline and principles of the proposed changes to post-16 place funding and on how specialist provision in further education colleges might be identified and designated.

Our intended approach for post-16 mainstream institutions which have smaller proportions or numbers of students with high needs differs from the approach for those with larger proportions or numbers. Information about this and other proposals for changes to post-16 funding is on pages 42 to 46 of the consultation.

Please provide any comments:

There is already an element of SEN funding in the post 16 funding formula through the deprivation factor, as deprivation is one of the key factors associated with SEN as stated in the Isos research. We feel that the current system for allocation of £6,000 place funding for mainstream post 16 providers is finally beginning to work, and any move to change the arrangements may jeopardise the good work already progressed between providers and local authorities.

15. We welcome comments on the equalities impact assessment.

The equality analysis published alongside the consultation sets out the potential impact of our proposals on protected characteristics.