

9 March 2017

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

Purpose of the Report

1. 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 January 2017.

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.

Consultation

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.
4. 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.
5. The consultation paper and supplementary information below set out the details behind the proposals.

High Needs Funding Reform Consultation Documents

- <https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/>

Online response form:

- <https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/consultation/intro/>

Proposal

6. 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

7. 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.

Appendix 1 – Draft High Needs Funding Consultation Response

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:			
Bad Health is a better indicator of SEND 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:			
Levels of DLA is a better indicator of SEND 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.

8. Are there further considerations we should be taking into account about the proposed high needs national funding formula?

Comments - please explain your reasoning and any further evidence we should take into account:

No further comments

9. Is there any evidence relating to the 8 protected characteristics identified in the Equality Act 2010 that is not included in the equalities impact assessment and that we should take into account?

Comments - please explain your reasoning and any further evidence we should take into account: