

Report to the Schools Forum March 2016

National Funding Formula (NFF) for High Needs Consultation

1 Introduction

- 1.1 The DfE have recently released papers regarding the future of High Needs funding. The declared intention is “*from 2017/18 to move to a distribution of high needs funding from central to local government that is more formula-driven, using proxy indicators of need, rather than only using historic spending patterns*” (paragraph 2.11, page 18 in “High Needs funding formula and other reforms – government consultation – stage one”). The papers released form stage 1 of the consultation, stage 2, which will presumably be released in the summer term, will contain details of the cash impact.
- 1.2 This is a similar process to that outlined in the consultation regarding mainstream school funding, released at the same time. The National Funding Formula (NFF) formula for High Needs will however be at LA level, not school level.
- 1.3 This paper only covers the High Needs NFF consultation. The mainstream schools funding consultation is covered in a separate paper.
- 1.4 The details below are organised as follows:
- a summary of the contents of the consultation;
 - comments upon policy direction and the possible financial impacts upon the Council and schools.
- 1.5 The DfE papers can be found here:
- <https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula>

2 Summary of Proposed Changes

- 2.1 There are six proposed formula factors, as follows:
- 2016/17 spending level (this will be included “*at a cash level*” for at least 5 years);
 - Deprivation (measured by a combination of IDACI and FSM);
 - Low prior attainment;
 - Health and disability (measured by numbers claiming the Disability Living Allowance, and data measuring the numbers of children in poor health in each local authority);
 - Number of children and young people aged between 2 and 18;
 - Basic unit of funding for students in specialist SEN institutions (e.g £4K, forming part of the £10K per place). Prior year census data will be used for this.
- 2.2 The DfE “*intend to carry out an exercise with local authorities during March and April to get an accurate amount of planned spending in 2016/17.... Information on planned high needs spending in 2016/17 will be collected shortly and confirmed in the section 251 budget statements returned to the department and published in September 2016*”.

- 2.3 The annual allocations of funding to LAs through the formula would be amended each year to reflect changes in pupil and student numbers *“and other cost factors, using appropriate indicators that are available at national level and taking account what amount is affordable.”*
- 2.4 The place element of funding for out of area students would be fully funded, by additional £6Ks being paid to the educating LA. It appears that top-ups would continue to be dealt with case by case by LAs/schools.
- 2.5 The funds distributed by proxy indicators would be “distributed according to fixed proportions”, i.e. a particular factor attracts 10% of available funding, and then each LA receives its proportion of this based on the proxy indicator chosen.
- 2.6 There will be a form of MFG protection for LAs high needs funding, which will limit any year on year reductions in funding;
- 2.7 Besides the MFG, five other forms of help are proposed for LAs that lose resources as a result of the formula, as follows:
- Capital funding through free school programme;
 - £200m for expanding existing provision (more details about how distributed later in 2016)
 - Promotion of collaborative regional / sub-regional working
 - Promotion of inclusive solutions (i.e. in mainstream schools)
 - Support for cost reduction in providers (e.g. special schools and PRUs)
- 2.8 A technical change in the funding of specialist units is proposed so that host schools are funded on actual pupil numbers with £6k per place for each place in the unit. This would replace the current system, whereby the funded pupils in the host school is reduced by the number of places in the unit, which are then funded at £10k per place.
- 2.9 It is proposed that Independent special schools will receive place funding from the EFA and top-ups from LAs, rather than being funded entirely with top-up funding as currently;
- 2.10 For the moment, it is planned to continue to allow LAs to use High Needs and Early years DSG for Early Years High Needs support.
- 2.11 It is planned to align the post 16 funding system more with pre 16, by developing a formula for general SEN, supplemented by a contingency fund for institutions with more than average SEN. Special units attached to institutions would be funded at £6k per place, with £10K per place allocated for specialist places.
- 2.12 Place funding for maintained 6th forms will be paid by the LA rather than the EFA, with places in academies paid by the EFA based on LA information. There will be an *“expectation [not requirement?] that any changes in place numbers should [not must?] be agreed by the relevant institution.”* This may or may not imply that the current ability of academies to refuse to accept LAs proposed changes to place numbers will be revised.

- 2.13 There are 14 consultation questions, which are listed in Appendix A to this document (to follow). The deadline for responses is 17 April 2016. T&W Council will be responding and the Forum is invited to express a view regarding whether it wishes to respond and if so whether independently or as part of a joint Council / Forum response.

3 Possible Impacts upon T&W Schools and T&W Council

- 3.1 Without details of the likely allocations arising from the formula, specific impacts are difficult to foresee. Apart from the use of a formula to determine allocations (which in principle is welcome, as it should deliver both fairer and more understandable /predictable funding, the system for funding high needs is not proposed to be dramatically different from now.
- 3.2 Perhaps the largest changes proposed are in post 16 funding and to the extent that they create a more consistent pre and post 16 funding system they are to be welcomed.
- 3.3 It appears that the DfE are concerned to prevent rapid, dramatic changes in funding between LAs. Existing expenditure, rather than DSG high needs allocations, appears to be used as the baseline, which is of benefit to T&W as high needs expenditure exceeds DSG high needs block allocations.
- 3.4 In the context that there is likely to be a need to develop more high needs provision in the future the announcement of £200m additional funding to expand existing provision (as well as the 'free school' programme) is welcome. However, it is unclear whether this is a one-off sum or ongoing – if the former then with around 150 LAs, it is not an enormous sum.
- 3.5 For the future of high needs in T&W, the crucial information will be that released in stage 2, indicating the likely allocations to the LA.

Tim Davis
Finance Team Leader
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