

Response ID ANON-2CXQ-12UK-1

Submitted to **High needs funding reform - stage 2**

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Introduction

A What is your name?

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C Response type

Please select your role from the list below::

Local authority representative

Please select your organisation type from the list below::

Representative body

Organisation name::

f40 Group of Local Authorities

Local authority area::

National

D Would you like your response to be confidential?

No

Reason for confidentiality::

Page 2 - overall approach

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?

No

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

f40 believes that the national funding formula system proposed does not strike the right balance between fairness and stability. We think that it rewards some local authorities and penalises others at a time when the majority of authorities are experiencing difficulty managing significant unfunded budget pressures.

f40 also considers that any new High Needs funding system that is introduced must be sufficient to support the needs of young people currently in the system as well as those young people who will access it in the future. The system must therefore be sufficiently flexible to respond to changes in need.

There still appears to be a lack of evidence as to how the proposed funding aligns with Department for Education legislation on High Needs pupils, (e.g. medical needs) and that consideration has been given to tribunal outcomes and case law. The legislation also talks about 'parental confidence' and personal budgets, but there doesn't appear to be any reference to these areas in the consultation.

Further guidance is required on how the funding system will allow for new schools/provision – how will this be funded?

Page 3 - formula factors

2 Do you agree with the following proposals?

To distribute 50% of the planned spending baseline on the basis of historic spending - 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::

f40 questions the purpose for including a 50% historic spend factor given there is a 0% funding floor. In many ways, the floor is a cleaner protection mechanism as it means the core formula can be focused on what the Department for Education considers the formula should be and will show the final funding position for local authorities.

However, if the Department is wedded to the use of a historic spend factor then f40 is concerned that if the baseline is taken from 2016-17 it will not reflect local decisions and increases in costs for 2017-18 which most local authorities have to manage and fund through transfers from the Schools Block.

We believe it to be naive of the Department to question in the consultation the need of local authorities to transfer further funding from the Schools Block into High Needs following the re-basing exercise in 2016-17. The High Needs budget pressures experienced by the majority of local authorities is showing no signs of diminishing and, therefore, it is important that the current historic spend factor, updated for decisions taken locally in 2017-18, is included in the NFF formula.

In any case, we are unable to comment whether the 50% proposal is right as there doesn't appear to be any evidence/basis for why the amount is set at 50%.

Basic entitlement - To allocate to each local authority £4,000 per pupil - Basic entitlement - To allocate to each local authority £4,000 per pupil:

Allocate a higher amount

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

f40 believes that the basic entitlement should be set at £10k per pupil to reflect the current costs of those pupils already in Special School provision and also to reflect growth in Special School provision into which some authorities have invested capital funding.

We strongly disagree with the Department's view that setting the value at £10k creates a perverse incentive in the funding system for local authorities to place a higher proportion of their children and young people with special educational needs (SEN) and disabilities in special schools.

Setting the figure at £4k penalises those authorities that have already invested heavily in in-house Special School provision to meet the needs of local children.

In reality local authorities will prefer in-house Special School provision as opposed to more costly independent out of county provision, not only as its better value for money, but also because it means SEN children spending less time travelling to school.

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

Population – 50% - Population – 50%:

Allocate a higher proportion

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

Over the years f40 member authorities have looked at many different data sources for distributing High Needs funding and 'pupil population' is the one that we consistently return to as a fair and reasonable basis for distributing funding. This is because it has a high correlation with overall need at local authority level. Therefore, we fully support the inclusion of this factor in the High Needs formula, but we would like to see a much larger weighting applied to this factor.

Historically, at a local level, we have found examples of using proxy indicators to identify High Needs pupils problematic so it's vitally important that the correct indicators and weightings are applied.

Free school meals (FSM) eligibility – 10% - Free school meals (FSM) eligibility – 10%:

Allocate a lower proportion

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

f40 has concerns about the use of this factor and, in particular, about potential turbulence in the data from one year to the next. Therefore we believe that if the Department is to include this factor, it should allocate a lower proportion of the total available funding. This view is supported by our answer to Question 3 above regarding the use of the 'pupil population'.

We also question whether the inclusion of this factor in the High Needs National Funding Formula as well as the Schools National Funding Formula results in a degree of duplicate funding across the entire schools funding system.

Income deprivation affecting children index (IDACI) – 10% - Income deprivation affecting children index (IDACI) – 10%:

Allocate a lower proportion

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

As above

Key stage 2 low attainment – 7.5% - Key stage 2 low attainment – 7.5%:

Allocate a lower proportion

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

As above

Low attainment at KS2 – what about early developmental issues? There is no national data set for low incidence needs.

Key stage 4 low attainment – 7.5% - Key stage 4 low attainment – 7.5%:

Allocate a lower proportion

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

As above.

Children in bad health – 7.5% - Children in bad health – 7.5%:

Allocate a lower proportion

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

f40 is concerned with the inclusion of this factor in a National Funding Formula as it understands that the 'children well-being' index data is updated every ten years as part of the national census. This is too long a period to reflect changes in local need and therefore we recommend that a lower proportion of funding is allocated via this factor or it is removed all together.

Disability living allowance (DLA) – 7.5% - Disability living allowance (DLA) – 7.5%:

Allocate a lower proportion

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

We are concerned about the use of Disability Living Allowance (DLA) in the High Needs formula as DLAs are self-referred so in our view this is not a sufficient measure. We are also concerned that it some non-physical disabilities take longer to diagnose and therefore believe that DLA may not adequately capture such children.

Page 4 – funding floor

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

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

Given national pressures on High Needs funding it is unlikely that any local authority could manage with lower levels of funding than they currently receive, so f40 fully supports the principle of a floor that results in no authority losing funding from these proposals.

However, we are very concerned about the years following the introduction of a High Needs national funding formula. Our assumption, in the absence of any information to the contrary, is that local authorities in receipt of a funding floor allocation will not receive any share of growth funding in future years until the funding floor protection has been eroded (similar to the way Schools MFG protection works).

For some authorities, this will mean a number of years of absolute flat High Needs allocation at a time of unprecedented cost pressures and pupil growth. Such authorities may have in the past considered transferring DSG from the Schools Block to meet such pressure but this flexibility is proposed to be removed.

This is a major concern to f40 and one that we believe the Department must reconsider as there is the real risk that we will see a significant number of local authorities looking to cut their High Needs costs to remain within budget (which in practical terms is very difficult once children have been placed) and these cuts will affect some of our most vulnerable children.

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

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

We support the setting of the floor so that no local authority sees a reduction in their High Needs funding. Our support is on the basis that local authorities will be spending their current High Needs allocation and it is very difficult to change the arrangements for children who are already placed and are settled in their school/educational institution.

Page 5 - local budget flexibility

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

No

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

Overall, f40 is extremely disappointed with the limited flexibility proposals. We believe the additional requirement to get the majority of schools approval is unnecessary and adds additional bureaucracy at a time of diminishing resources.

f40 believes that until the 'hard' national funding formula is introduced in 2019-20, the transfer of funds between blocks should remain a Schools Forum decision without the need to undertake a costly all-school consultation. This facility is an essential option that should be available to local authorities to manage the overall DSG system.

It is vitally important that for the future the Department provides adequate annual increases in the High Needs block to fully fund the year on year pressures.

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?

Comments box:

We believe that future increases in High Needs block funding should reflect not only inflationary increases but also pupil growth. If local authorities were to be funded appropriately, there would be no need for continued flexibility.

Page 6 – further considerations

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::

The current size of the High Needs Block is purely based upon historical decisions and whether local authorities and schools forums wanted to delegate funds to schools or not. Levels of delegation made by authorities are not consistent and this needs to be examined in detail as part of the bench-marking exercise.

Local authorities which have not delegated sufficient funds in the past are now being protected. In other words, they have held money back centrally and are being protected on the basis of these historical decisions. Schools in those areas are having their budgets re-based with no recourse to this, so those authorities are seeing a real net gain in DSG. It seems unfair that authorities which have failed to delegate SEN funds to schools are being rewarded.

f40 is pleased with the recent government announcement regarding capital funding to support growth in SEND provision, however, we are very concerned that some authorities will receive no increase in revenue funding (as mentioned in further detail in our response to question 4 above) to support the daily running costs of such new provision.

We also question if this consultation has fully taken into account the implications of the responsibility local authorities have to the Code of Practice, as they are inextricably linked.

It is proposed that the transfer from the High Needs Block into Schools Block for pupils in Specialist Resource Provision (SRP) is based on place numbers. We do not think this is fair and would recommend that this adjustment is based on actual pupil numbers in the SRP instead.

Page 7 – equalities analysis

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::

None that we are aware of.