



## NOTICE OF MEETING

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# Haringey Schools Forum

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TUESDAY, 12TH APRIL, 2016 at 3.45PM FOR 4.00 pm HRS - PROFESSIONAL DEVELOPMENT CENTRE, DOWNHILLS PARK ROAD, N17.

### AGENDA

**1. CHAIR'S WELCOME**

**2. APOLOGIES AND SUBSTITUTE MEMBERS**

Clerk to report.

**3. DECLARATION OF INTEREST**

Declarations are only required where an individual member of the Forum has a pecuniary interest in an item on the agenda.

**4. NATIONAL SCHOOLS FUNDING FORMULA (PAGES 1 - 10)**

To agree with members the Forum's response to consultation on the National Schools Funding Formula.

**5. FUNDING THE HIGH NEEDS BLOCK (PAGES 11 - 18)**

To agree with members the Forum's response to consultation on the future funding of the High Needs Block

**6. ANY OTHER URGENT BUSINESS**

**7. DATE OF FUTURE MEETINGS**

- 19 May 2016
- 30 June 2016

**Agenda Item  
4**



**Report Status**

For information/note   
For consultation & views   
For decision

Report to Haringey Schools Forum – 12<sup>th</sup> April 2016

**Report Title: National Schools Funding Formula.**

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**Purpose:**

1. To agree with members the Forum's response to consultation on the National Schools Funding Formula.

**Recommendations:**

1. That members agree the Forum's response to the consultation.

## 1. Introduction.

- 1.1. The Department of Education has recently launched a consultation on Schools Funding Reform. There are two separate but linked consultations: one on a National Funding Formula for Schools and one on the High Needs Block, which is the subject of another report on this agenda.
- 1.2. This is the first part of a two stage consultation process: in this first stage the DfE is consulting on the high level principles and overall design while the detailed processes and specific formula weighting and calculation will be dealt with at the second stage. The deadline for submission of consultation responses is the 17<sup>th</sup> April.
- 1.3. Links to the consultation pages can be found here:

Schools:

<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula>

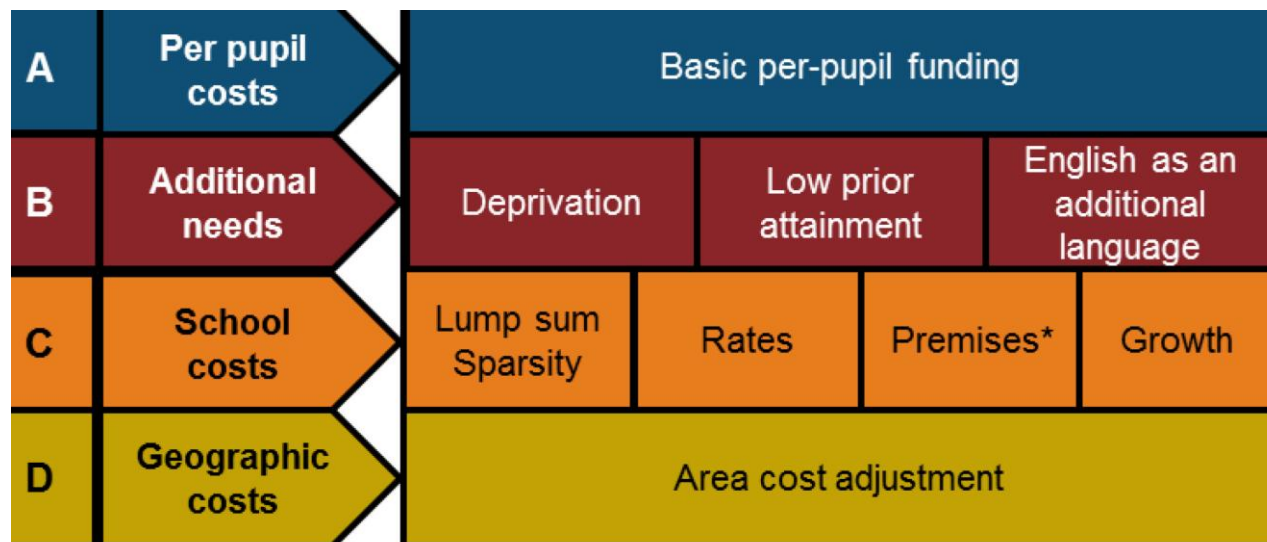
- 1.4. Haringey Council will be making its own response to the consultation and co-ordinating a Schools Forum response. The Council is also encouraging individual schools, headteachers and governing bodies to make their own responses as well. To help in this the Council issued on 1 April a summary of the proposals and some comments on the consultation questions. These comments were intended to provide additional information and to provide the LEA perspective. Responders were encouraged to reflect the circumstances and views of their own school communities in their replies.

## 2. Schools National Funding Formula.

- 2.1. The Government is proposing to introduce a National School Funding Formula from 2017. This formula is similar to the current funding formula used within Haringey (with one or two differences) but will be calculated across the whole country. It is expected that this will result in changes to the distribution of funding between different areas of the country. However a minimum funding guarantee will apply limiting the change for a school in any one year.
- 2.2. Although the new formula will be introduced from April 2017, there will be a two year transition period when there can still be some local variation. For these two years the total funding attributable to all schools will be passed to the Local Authority to distribute between schools in its area in consultation with the Schools Forum. The formula will be a “hard formula” from 2019-20 although minimum funding guarantees will continue to apply.

2.3. The figure below shows the high level design of the new formula. At this stage there is no detail about the thresholds and relative weightings that will be given to the various factors.

#### Overall Design of the Formula



2.4. The factors that will be used in the formula are

- **Per Pupil costs (equivalent of the Age Weighted Pupil Unit - AWPU)**
  - Basic funding for each primary pupil (covering key stages 1 and 2);
  - Basic funding for each key stage 3 pupil; and
  - Basic funding for each key stage 4 pupil.
- **Additional Needs**
  - Socio-Economic Deprivation
  - Low Prior Attainment
  - English as an Additional Language
- **School Factors**
  - Lump Sum
  - Sparsity
- **Premises Costs**
  - Rates, PFI costs and other specific exceptional premises costs - based on actual costs.
- **Area Cost Adjustment**
  - A adjustment reflecting the relative cost of running schools in expensive areas of the country such as London

2.5. Factors currently used in Haringey's local formula that are not proposed for inclusion in the National Funding formula are:

- Looked After Children. The DfE believe that support for this group is better targeted through the Pupil Premium Plus
- Mobility. The DfE have a number of concerns about this factor including data quality and the extent to which it favours unpopular schools. They also believe that there is a high level of overlap between this factor and the deprivation and EAL factors.
- Post 16 factor. The DfE regard this as legacy factor that should be removed in the interests of fairness and simplifying the system.

### 3. Implications for Haringey.

- 3.1. It is not possible to be certain about the impact of these changes until more detail is provided about the factors, thresholds and relative weightings. However it is very likely that funding for Haringey schools will reduce. Estimates suggest that the final loss could be as much as 10%. However if a minimum funding guarantee applies then the change in any one year will be limited.

### 4. Consultation.

- 4.1. This section sets out the consultation questions and the proposed responses. These were sent out to governors and headteachers on 1 April but have been updated to take account of responses received.

#### Question 1

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

The high level principles set out by the DfE are:

- A funding system that:
  - Supports opportunity
  - Is fair
  - Is efficient
  - Gets funding to the front line
  - Is transparent
  - Is simple
  - Is predictable

#### Proposed response.

The Forum agrees with the principles but believes it is important to get the balance between them correct, for example the fairest system will not be the simplest. In particular it is vital that the costs associated with deprivation and area cost differentials are given sufficient weight.

We are also concerned that many schools will be losing funding at a time of significantly increasing costs. This could reduce the ability of schools to continue to deliver good educational outcomes to the detriment of pupils and society.

We therefore call on government to level up the funding so that no school in the country experiences a drop in funding as a result of the National Funding Formula.

#### Question 2

Do you agree with our proposal to move to a school-level national funding formula in 2019-20, removing the requirement for local authorities to set a local formula?

No. The flexibility to allocate funding locally has enabled Haringey schools to achieve hugely improved outcomes, and we are wary about the risk of levelling down rather than levelling up. Local factors, such as our very diverse communities in terms of social background and ethnicity; cost of living; and the number of languages spoken in the borough are all important and will still need to be taken into consideration.

The flexibility allowed by the current system has been important in achieving great results for children and so we disagree with the significant weakening of the LA role in the school system as it will fracture the system, remove incentives for early years and for primary and secondary schools to come together to consider the best ways of using resources across the system in order to enable the best outcomes to be delivered.

#### Question 3

Do you agree that the basic amount of funding for each pupil should be different at primary, key stage 3 and key stage 4?

We believe that this proposal does not sufficiently differentiate between the different key stages, in particular reception age children require additional staffing and key stage 1 children more supervision than key stage 2 pupils. We therefore recommend a differential at each educational stage.

#### Question 4

a) Do you agree that we should include a deprivation factor?

b) Which measures for the deprivation factor do you support?

- Pupil-level only (current FSM and Ever6 FSM)
- Area-level only (IDACI)
- Pupil- and area-level

Haringey currently uses both Free School Meals (FSM) and Income Deprivation Affecting Children Index (IDACI) in its formula and there is around an 80% correlation between the two.

We are concerned that the bandings for both IDACI and FSM are not keeping pace with actual incomes – poor families in London may have

incomes that appear high in the national context but which leave them leading lifestyles that are very impoverished.

A full review of the income thresholds needs to be carried out and consideration given to the development of a methodology that takes into account income levels, regional disparities and/or housing costs.

#### Question 5

Do you agree we should include a low prior attainment factor?

Yes we would want to see this in future. Where children have low attainment in their previous setting (early years or primary) it is even more important that their next setting is able to provide sufficiently intensive support to enable them to make rapid progress, otherwise their potential is missed. Some of our settings take children with very low prior attainment and achieve great added value and we would not wish to see this jeopardised.

#### Question 6

a) Do you agree that we should include a factor for English as an additional language?

b) Do you agree that we should use the EAL3 indicator (pupils registered at any point during the previous 3 years as having English as an additional language)?

We strongly support the inclusion of an EAL factor. We believe that the consultation report is right in stating that some pupils require 'sustained support over a longer period of time and that three years should be the minimum period of funding. We would prefer a two tier approach with a higher level of funding for the first three years and a lower level thereafter.

#### Question 7

Do you agree that we should include a lump sum factor?

Yes, this is an important element of funding particularly for smaller schools. The national formula should be clear about what the lump sum covers and should be subject to the Area Cost uplift. It should also be subject to the Minimum Funding Guarantee.

#### Question 8

Do you agree that we should include a sparsity factor?

Haringey does not use a sparsity factor but we recognise its importance for very small schools in remote areas.

#### Question 9

Do you agree that we should include a business rates factor?



**Yes. Rates are based on individual assessments of premises and are largely outside of a school's control. Under the current system schools receive the exact figure they require and this should continue. It is difficult to construct a formula that would achieve this.**

**Question 10**

**Do you agree that we should include a split sites factor?**

**Yes, to reflect the additional costs present when sites are separate.**

**Question 11**

**Do you agree that we should include a private finance initiative factor?**

**Yes, where costs are inescapable and outside an individual school's control.**

**Question 12**

**Do you agree that we should include an exceptional premises circumstances factor?**

**Yes, but only for truly exceptional circumstances over which an individual school has little control.**

**Question 13**

**Do you agree that we should allocate funding to local authorities in 2017-18 and 2018-19 based on historic spend for these factors?**

- **Business rates**
- **Split sites**
- **Private finance initiatives**
- **Other exceptional circumstances**

**Although these factors are fairly stable there will be some changes over time. Business rates should continue to be funded on the basis of actual cost and the other factors kept under regular review.**

**Question 14**

**Do you agree that we should include a growth factor?**

**Yes, Haringey has experienced high levels of growth in the primary phase in recent years and is projecting secondary phase growth in the near future. A growth factor is in our view is essential to ensure the costs of this are fully funded.**

**Question 15**

**Do you agree that we should allocate funding for growth to local authorities in 2017-18 and 2018-19 based on historic spend?**

**There is no reason to suppose that future growth needs will follow historic patterns. There are a number of data sources available that**

could be used (ONS population projections, birth rates or child benefit claims).

**Question 16**

a) Do you agree that we should include an area cost adjustment?

b) Which methodology for the area cost adjustment do you support?

- general labour market methodology
- hybrid methodology

We strongly support an area cost adjustment and in particular the hybrid methodology. An area cost adjustment is necessary to ensure that schools receive the funding they require. It should be based as closely as possible on the actual costs experienced by providers of education. The general labour market methodology is based on average wages payable in the local area while the hybrid methodology includes a specific proportion based on local teacher salaries. The General Labour Market methodology is particularly disadvantageous to outer London authorities such as Haringey which are required by the national Teachers Pay and Conditions agreement to pay teachers on the Inner London pay scale. For this reason we strongly support the hybrid methodology which is the fairest way to assess the true cost of educational provision. Academies in the area have generally maintained the same pay agreements as maintained schools.

We also strongly recommend that an area cost adjustment is applied to grants such as the pupil premium. Without this the value of such grants are reduced in high cost areas such as London.

**Question 17**

Do you agree that we should target support for looked-after children and those who have left care via adoption, special guardianship or a care arrangements order through the pupil premium plus, rather than include a looked-after children factor in the national funding formula?

Yes, Haringey currently includes a LAC factor but this accounts for only a small element of funding.

**Question 18**

Do you agree that we should not include a factor for mobility?

No, we support the inclusion of a mobility factor and one without the current 10% threshold. Many schools face significant cost pressures from pupil mobility that will not always be captured by other factors in the funding formula.

**Question 19**

Do you agree that we should remove the post-16 factor from 2017-18?

We agree that post 16 funding should not come from the Dedicated Schools Grant but adequate transitional arrangements should be made for the current beneficiaries.

#### Question 20

Do you agree with our proposal to require local authorities to distribute all of their schools block allocation to schools from 2017-18?

Haringey Schools Forum has concerns about this proposal. Firstly it is concerned that by effectively ring fencing the schools budget which is the least volatile element of the DSG it will become harder to manage pressures that arise in the high needs and early years blocks. It also breaks an important link in the system – in areas where schools are less inclusive and accepting of children with special then costs rise in the high needs block and funding transfers are required while the converse is true in areas where all schools play their part in supporting high needs children.

#### Question 21

Do you believe that it would be helpful for local areas to have flexibility to set a local minimum funding guarantee?

As we stated in our response to Question 1, we are concerned that many schools will be losing funding at a time of significantly increasing costs and ask the government to level up the funding to minimise the need for a minimum funding guarantee. Given that there will be inevitable changes we support the freedom to set a local minimum guarantee.

#### Question 22

Do you agree that we should fund local authorities' ongoing responsibilities as set out in the consultation according to a per-pupil formula?

Many of the factors that apply at the school level such as deprivation and area costs also apply at the local authority level (and mobility may be even more significant at LA level.) A simple per capita formula does not reflect these variations in cost.

We believe that local authorities should be properly funded for continuing statutory responsibilities and are concerned that there will not be sufficient funding remaining from the Education Services Grant to enable this.

#### Question 23

Do you agree that we should fund local authorities' ongoing historic commitments based on case-specific information to be collected from local authorities?

**This would seem to be the only reasonable way to deal with this in the light of the changes to the central block.**

**Question 24**

Are there other duties funded from the education services grant that could be removed from the system?

**The proposed conversion of all schools to academy status will place an additional burden on local authorities. Adequate funding should be made available to cover this.**

**Question 25**

Do you agree with our proposal to allow local authorities to retain some of their maintained schools' DSG centrally – in agreement with the maintained schools in the schools forum – to fund the duties they carry out for maintained schools?

**We are concerned that the reduction in the Education Services Grant without a corresponding reduction in duties will lead to a further squeezing of school budgets through this proposal. It is also not clear how this will be dealt with following the implementation of the 'hard' funding formula.**

**Agenda Item  
5**



**Report Status**

For information/note   
For consultation & views   
For decision

Report to Haringey Schools Forum – 12<sup>th</sup> April 2016

**Report Title: Funding the High Needs Block.**

**Authors:**

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**Purpose:**

1. To agree with members the Forum's response to consultation on the future funding of the High Needs Block.

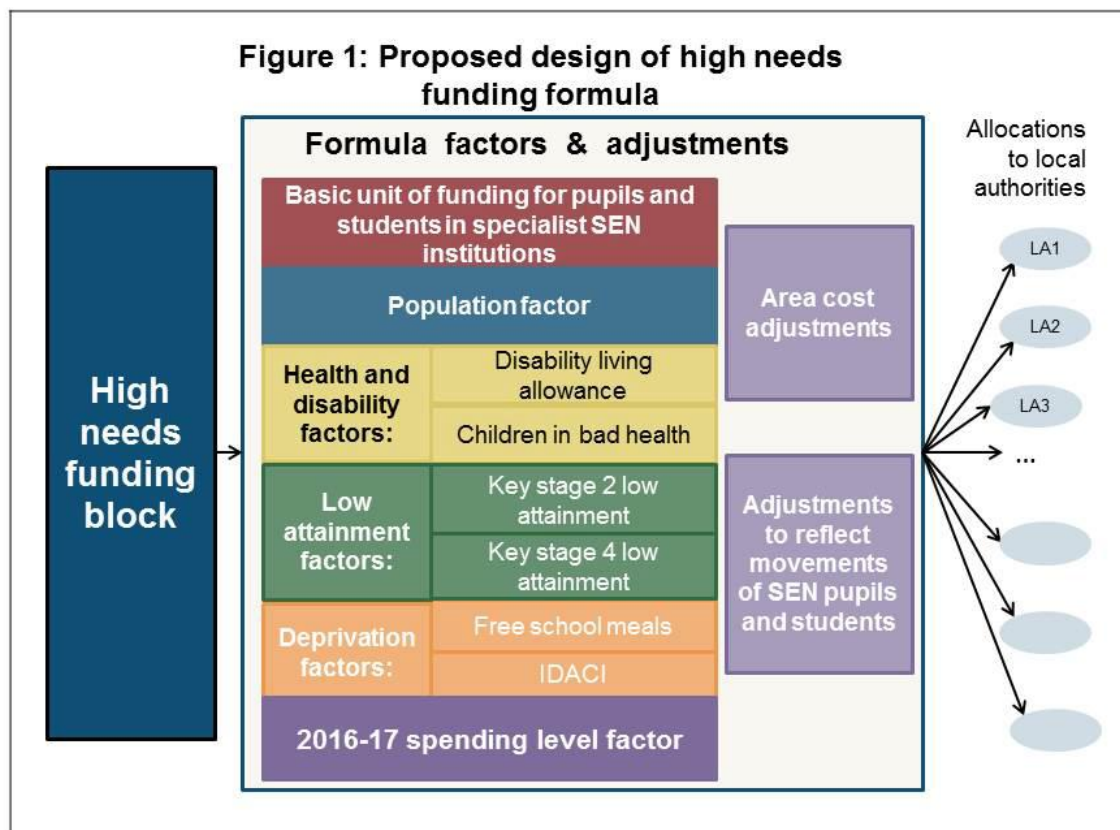
**Recommendations:**

1. That members agree Forum's response to the consultation.

**1. Introduction.**

- 1.1. The High Needs Block (HNB) provides funding for Special Schools and Units, alternative provision, hospital education, placement and top up funding for children and further education students with special educational needs.
- 1.2. Research commissioned by the DfE and carried out by ISOS suggests that the existing system is historical and not clearly related to current levels of need, with significant variations between assessments and funding in different parts of the country.
- 1.3. The DfE is therefore consulting on proposals that the HNB will become formula driven. The proposed formula would determine funding at the Local Authority (LA) level rather than the individual school level. The Local Authority will remain responsible for commissioning provision for eligible children. The consultation document can be found at: <https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform>
- 1.4. The DfE does not suggest allocating funding in line with numbers of Education Health and Care Plans (EHCPs) as it believes this could create perverse incentives; instead they suggest a formula using a range of proxy indicators.
- 1.5. The factors proposed are:
  - 1.5..1. An indicator of low attainment as research suggests a strong correlation between some forms of SEN and low attainment. The proposal is to use attainment at key stages 2 and 4.
  - 1.5..2. Two indicators relating to children's health and disability using information on the Disability Living Allowance and on 'children not in good health' from the population census data.
  - 1.5..3. Two indicators relating to deprivation using eligibility for free school meals and the Income Deprivation Affecting Children Index (IDACI).
  - 1.5..4. A factor to reflect the size of the local population in the two to 18 age group.
  - 1.5..5. A factor to reflect the number of pupils and students in local specialist provision as these places will be funded from the HNB.
  - 1.5..6. A related issue is that a formula approach may give an authority an advantage or disadvantage depending on whether it is a net importer or exporter of children with high needs. The consultation therefore proposes an adjustment to reflect this.

- 1.5..7. An Area Cost Adjustment.
- 1.5..8. As getting the high needs formula right is likely to be more difficult than for the mainstream schools the consultation proposes a five year transition period during which the formula will take account of historical spending patterns. A minimum funding guarantee is also proposed to smooth the transition.
- 1.6. The figure below shows the overall design of the formula.



- 1.7. ISOS made 17 proposals for improving the SEN funding system, in the context of proposals for a national formula, which the consultation puts into three broad categories:
- Improvements in the way funding is allocated, using a greater element of formula funding;
  - Clear communication about how the system should work; and
  - Proposals to enable better (and by implication, more consistent) decision-making by LA commissioners and setting, school and college SEN co-ordinators.

1.8. The document states that the proposals are underpinned by seven principles: a funding system that is fair, efficient, transparent, simple and predictable, and which prioritises 'the front line' and 'supports opportunity'.

## 2. Consultation

### Question 1

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

**Proposed response.**

The Forum agrees with the principles but believes it is important to get the balance between them correct, for example the fairest system will not be the simplest. We are concerned that the introduction of a formulaic approach could lead to significant disruption and support strong transitional arrangements. As with the National Funding Formula we are concerned that there will be insufficient funding in the system to adequately meet demand, particularly as the proposals will not permit movements from the Schools Block.

### Question 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?

We agree with this proposal. The local authority retains responsibility for meeting the needs of children and young adults with special needs and must have the funds to discharge this duty. Given the proposed use of proxy factors these will be a better, but still inaccurate, approximation at LA rather than school level.

### Question 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?

We are concerned that without a direct measure of high need the use of proxies will only be a rough approximation of the actual need and cost. The use of a formula will lead to a reduction in funding for some LAs and we support calls to provide sufficient funds to level up allocations.

### Question 4

Do you agree with the basic factors proposed for a new high needs formula to distribute funding to local authorities?

These are all factors that have some bearing on local need but as stated in our reply to question 3 they can only give a rough approximation of the actual need and cost.

### Question 5



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

**We agree with this for the short term but consideration should be given to funding this nationally rather than from local HNBs.**

**Question 6**

Which methodology for the area cost adjustment do you support?

**We strongly support an area cost adjustment and in particular the hybrid methodology. An area cost adjustment is necessary to ensure that schools receive the funding they require. It should be based as closely as possible on the actual costs experienced by providers of education. The general labour market methodology is based on average wages payable in the local area while the hybrid methodology includes a specific proportion based on local teacher salaries. The General Labour Market methodology is particularly disadvantageous to outer London authorities such as Haringey which are required by the national Teachers Pay and Conditions agreement to pay teachers on the Inner London pay scale. For this reason we strongly support the hybrid methodology which is the fairest way to assess the true cost of educational provision. Academies in the area have generally maintained the same pay agreements as maintained schools.**

**Question 7**

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

**Yes, we strongly support this proposal. All LAs will be committed in the short term to particular patterns of spend and this needs to be recognised in the funding allocations.**

**Question 8**

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

**Yes, we strongly support this as existing patterns of provision will continue for some time but draw attention to our response to Question 3 on the need to provide funds to level up allocations.**

**Question 9**

Given the importance of schools' decisions about what kind of support is most appropriate for their pupils with SEN, working in partnership with parents, we welcome views on what should be covered in any national guidelines on what schools offer for their pupils with SEN and disabilities.

**Forum members may wish to add comments.**

**Question 10**

We are proposing that mainstream schools with special units receive per pupil amounts based on a pupil count that includes pupils in the units, plus funding of £6,000 for each of the places in the unit; rather than £10,000 per place. Do you agree with the proposed change to the funding of special units in mainstream schools?

The current methodology assumes £4k as the contribution in respect of the main education costs of a pupil. We need to see the Stage 2 funding proposals before we can accurately assess the impact of this suggestion. One benefit of the proposed change is that the £4k, a national figure to which no area cost adjustment is applied, would in future reflect local costs. We would like to see the application of an area cost adjustment extended to all high need place-led allocations, including the £6k discussed here and the £10k allocations for special school and alternative provision places.

**Question 11**

We therefore welcome, in response to this consultation, examples of local authorities that are using centrally retained funding in a strategic way to overcome barriers to integration and inclusion. We would be particularly interested in 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 any good examples received.

**Question 12**

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

**Response to Questions 11 and 12.**

Haringey has recently moved funding from secondary school lump sums to create a fund for secondary schools to recognise these schools that are more inclusive. Initially this is fund allocated on the proportion of pupils with statements and plans to overall roll but will in future reflect only those proportions in Year 7.

**Question 13**

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

This would put independent special schools on a similar basis to maintained schools but we are concerned that this needs to be dealt with at the national level rather than through the HNB of the authorities in which they are located.

**Question 14**

We welcome views on the outline and principles of the proposed changes to post-16 place funding (noting that the 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), and on how specialist provision in FE colleges might be identified and designated.

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