

**Agenda Item
8**



Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum – Thursday 22 October 2015

Report Title: Haringey School Funding Formula 2016-17.

Author:

Steve Worth – Finance Manager (Schools and Learning)
Contact: 0208 489 3708 Email: Stephen.worth@haringey.gov.uk

Purpose:

- 1. To review Haringey's Funding Formula for 2016-17 and to make recommendations on proposed changes.**
- 2. To inform members of potential future changes to school funding.**

Recommendations:

- 1. We recommend that the Forum endorse the proposed removal of the secondary lump sum to create a HNB contingency and the proposed reallocation of resources as illustrated in Appendix 3 using current data.**
- 2. We recommend that, following consultation with schools, the Forum does not endorse the reduction of the primary school lump sum to create primary specialist intervention provision.**

1. Introduction.

- 1.1. Local Authorities (LAs) are required to keep their funding formula under review and following significant changes in 2013-14 and 2014-15 no material alteration was made for 2015-16. Schools Forum on 8th July 2015 appointed a sub-group to review the formula for 2016-17.
- 1.2. To help the group in its review, data was obtained for all LA's 2015-16 funding methodologies and values. Further analysis concentrated on the actual/average values for London authorities plus some national values. The analysis compared:
 - 1.2.1. Haringey's 2015-16 funding formula (actual values).
 - 1.2.2. All London authorities (average values),
 - 1.2.3. Inner London authorities (average values),
 - 1.2.4. Outer East authorities, which have the same area cost adjustment as Haringey (average values).
 - 1.2.5. The England average.
 - 1.2.6. Minimum Funding Level (MFL), the factor values used by the DfE in its calculation of MFL in 2015-16, when additional resources were allocated to authorities perceived by the government to be under-funded.
- 1.3. The group also took account of:
 - 1.3.1. The Department for Education's (DfE) expressed intention to introduce a national schools funding formula. It is now unlikely that this will be introduced in time for April 2016. This may be proved wrong when the Government's next Spending Review takes place on 25 November and if a national formula is introduced for 2016-17 the proposals in this report may become redundant. The implications of likely national changes are discussed further in Section 5.
 - 1.3.2. The continuation of the Minimum Funding Guarantee (MFG) that dampens any change to budget allocations between schools.
 - 1.3.3. Haringey's level of deprivation funding compared with other LAs.
 - 1.3.4. The distributional impact of varying the factors used.

2. General Formula Review.

- 2.1. The group's view after considering the foregoing was that there should not be any general changes to the funding formula for 2016-17.

3. Secondary School Special Needs Contingency.

- 3.1. However, members of the group were concerned about the distribution of funding for high needs pupils across secondary schools. The creation of a High Needs Contingency for Secondary Schools to compensate those taking disproportionate numbers of high needs pupils and encourage those taking disproportionately low numbers was proposed. Various methods of achieving this were looked at but the existence of

the Minimum Funding Guarantee meant that only adjustments using the lump sum would have the desired impact. Consequently schools were consulted on the proposal set out in Appendix 1.

3.2. The responses to this proposal are set out in Table 1.

Table 1. Response to the proposal to create a Secondary School Special Needs Contingency.

Phase	In Favour	Opposed	No View	Comments
Primary	15	0	4	Those in favour include 4 federated schools and 10 expressed strong support.
Secondary	2	3		One of the opposed proposed an alternative model discussed in 3.3.
Total	17	3	4	

3.3. An alternative to the model accompanying the consultation was proposed that would provide a more finely tuned reallocation. This is attached as Appendix 3. In effect this removes the secondary school lump sum to create the contingency. The Appendix shows how this would be reallocated based on current data. The reallocation will be reviewed in January when the October 2015 data is available. Given the revision we will re-consult with schools and report back to Forum in December.

3.4. **We recommend that Forum endorse the proposed removal of the secondary lump sum to create a HNB contingency and the proposed reallocation of resources as illustrated in Appendix 3 using current data.**

4. Creation of Primary Specialist Intervention Provision.

4.1. The proposal to centrally fund specialist intervention provision has been presented to the Primary Heads Forum seeking individual school contributions to set up this provision but with insufficient sign-up to make it feasible. It was also presented to the Schools Forum High Needs Working Party which recommended consultation on the formula adjustment set out in Appendix 2.

4.2. The responses to this proposal are set out in Table 2.

Table 2. Response to the proposal to create a Primary Specialist Intervention Provision.

Phase	In Favour	Opposed	No View	Comments
Primary	3	17		Those opposed include 4 federated schools. 1 in favour and 1 opposed came from the head and chair of the same school. Of the 17 opposed 12 expressed strong opposition.
Secondary	1	1	3	
Total	4	18	3	

4.3. In view of the strong opposition to this proposal we do not recommend its adoption.

5. The Future of School Funding.

6. As noted in 1.3.1, the DfE is planning national changes to school funding. The details are unknown but previous information from the department and other sources indicate the following possible changes.

6.1. The introduction of a national school formula. Two models have been considered previously: the first is a nationally set budget for each individual school; the second a model that calculates individual school budgets but then aggregates them by Local Authorities (LAs) and allows LAs and schools for a some degree of discretion in the local distribution.

6.2. Although any new formula will include an Area Cost Adjustment (ACA) this will probably be less generous than currently and will affect the distribution of resources across the country; with a movement in resources from metropolitan to non-metropolitan areas.

6.3. As well as affecting the overall level of resources allocated to a LA's schools, a new formula will also affect the distribution of resources between schools within a LA, with gainers and losers.

6.4. We will be looking at the possible impact of these changes on schools and will do briefings for heads and governors once we have a clearer idea of the DfE's proposals.

Appendix 1. Secondary School Special Needs Contingency.

Background to High Needs Funding.

- 1.1 The Dedicated Schools Grant (DSG), which provides the funding for delegated school budgets and other pupil related activities, is split into three blocks:
 - 1.1.1 The Schools Block, which provides the school budget shares delegated to governing bodies, plus some centrally retained services.
 - 1.1.2 The High Needs Block (HNB), which meet the needs of children and young people with Special Educational Needs and Disabilities in both mainstream and special schools.
 - 1.1.3 The Early Years Block, which provides funding for pre-reception year children.
- 1.2 The delegated school budget share includes funding to meet the initial needs of pupils with high needs. Included within delegated funding are:

Element 1. The basic cost of educating any pupil, regardless of special or additional educational need; the national notional average is £4,000.

Element 2. Funding to be found from within a school's delegated budget share for the *additional* cost of educating a pupil with high needs; the maximum expected contribution is £6,000. Element 2 is not a specific funding factor and elements of the Age Weighted Pupil Unit (AWPU) and deprivation and AEN funding contribute to it. The information on budget shares provided before the start of a financial year gives a figure for each school's Notional SEN Budget.
- 1.3 Once the additional cost of providing for a high needs pupil is assessed as exceeding £6,000 then 'top-up' funding, known as Element 3, can be accessed. Funding for Element 3 is centrally retained and comes from the HNB.
- 1.4 The HNB budget has been increased by the Schools Forum over the last two years but remains under considerable pressure.

Secondary Transfer.

- 1.5 The point of transfer from primary school to secondary school is a time of stress when families seek special school or secondary school places where their children can settle and thrive.

- 1.6 There is evidence that some secondary schools are more welcoming to children with special educational needs than others and this has resulted in a disproportionate intake of students with more complex special educational needs in those schools.
- 1.7 As the Notional SEN Budget forms part of Education Health and Care Plan (EH&CP) funding, this means that some secondary schools are receiving funding towards supporting numbers of children that they are choosing not to receive. This not only increases pressure on schools who are taking more than proportionate numbers of high needs students, but also lowers the threshold for special school placements for those students who, as a result, cannot easily be placed locally and who might otherwise stay in mainstream school.
- 1.8 This contributes to the pressure on the HNB and as the grant is ring-fenced this pressure must be contained within the overall DSG and may require a transfer between the Schools and High Needs Blocks. A reduction in school budget shares may compromise schools' capability for early intervention and lead to an increase in the number of EH&CPs, putting further pressure on the HNB.

Proposed Funding Changes.

- 1.9 Only secondary schools are considered in this proposal due to the more static nature of the cohort of children with statements or EH&CPs. Plans and statements are more rarely initiated for children of secondary age as the children's needs, in the main, should have been recognised and appropriately managed at an earlier stage in their time at school.
- 1.10 To help prevent the cycle set out in 1.9 we propose to create a fund in the HNB to support schools taking high needs pupils above a threshold. This will support those schools taking disproportionately large numbers of high needs pupils and encourage increased take-up in those taking disproportionately low numbers.
- 1.11 We propose to create the fund by reducing the secondary lump sum as adjusting any other factor may trigger the Minimum Funding Guarantee that would, in some cases, offset the desired impact.
- 1.12 The proposed changes will apply to a school's financial year, April to March for maintained schools and September to August for academies, and the methodology will be different in the first year to subsequent years, as set out below.

- 1.12.1 The reallocation methodology proposed for year 1 (2016-17) is for the funding to be released to secondary schools proportionate to the numbers of Haringey children with statements/EH&CPs to the school roll (Years 7 to 11 only). The financial adjustment will therefore only take account of the AWPU element (directly related to roll) in Notional SEN Budgets. We are excluding the notional deprivation and AEN funding from the adjustment to enable schools to continue to invest in early intervention. The number of plans and statements (as at the October census date) will be allocated to schools based on rolls and where this is lower than actual numbers taken an allocation from the HNB fund will be made. An illustration of the proposed methodology is set out in Appendix 1a.
- 1.12.2 In year two the funding will be released to secondary schools in the same way but only taking account of the numbers of year 7 students with statement/plans proportionate to the year group.
- 1.13 This phased approach will allow schools to redress the balance of their intake over time and recognise the efforts of schools that positively support children with additional needs, and to receive proportionately higher funding toward their management of a student's EHC needs.
- 1.14 Secondary school members of the Formula Review Group will be discussing this proposal at the Secondary Heads Forum.

Appendix 2 Creation of Primary Specialist Intervention Provision.

1 Background and Context

- 1.1 Alternative Provision is commissioned by Haringey Council for children who, because of permanent exclusion, illness or other reasons, would not otherwise receive suitable education.
- 1.2 Alternative provision can also be commissioned by schools for those students on a fixed term exclusion (Day 6 Provision), directed off site or requiring preventive measures which result in re-integration into their original mainstream setting.

2 The Octagon AP Academy

- 2.1 In order to meet our statutory obligations for permanently excluded students 58 places have been commissioned from the Tri Borough Alternative Provision Multi Academy Trust via the Octagon AP Academy.
- 2.2 12 places are designated to primary aged students and 46 to secondary, KS2 to KS4.
- 2.3 As part of a strategy to reduce exclusions in the borough places are offered to schools for children at risk of permanent exclusion. This is implemented on a dual registration basis with the mainstream schools retaining accountability for the child's outcomes. Interim support places are of no additional cost to primary schools.

3 Haringey School Exclusions

- 3.1 The borough has successfully worked in partnership with schools to significantly reduce school exclusions in the borough (Table 1). However this academic year there has seen a sharp rise (6) in the potential permanent exclusions of KS1 children (Reception – YR1).
- 3.2 These students are, without exception, vulnerable students who have been referred to Social Care/Early Help at some point in the last 3 terms or who have had historical support from services and are currently experiencing degrees of familial disruption. As these students did not meet the age related threshold for the Octagon AP Academy arrangements were made with bespoke full or part time provision at KORI (a charitable organisation) and specialist provision at the Haringey Tuition Service. Of the 12 primary aged children on roll at the Octagon, 3 are historical permanent exclusions. The remainder are interim placements.
- 3.3 As an alternative to permanent exclusion schools have utilised managed moves, the Octagon AP Academy, referral to alternative provision where the student remains on the roll of the school and (for secondary schools)

referral to alternative provision where the student goes onto the roll of the KS4 Alternative Provision Roll. (Table 2)

Table 1 Permanent exclusions 2011 – 2015

Haringey School Exclusions	2011/12	2012/13	2013/14	2014/15 (as of 26 th June)
Primary	4	3	5	0
Secondary	28	25	36	13
Total	32	28	41	13

Table 2 Placements made as alternative to permanent exclusions*

Permanent Exclusion (Secondary)	13
Permanent Exclusions (Primary)	0
Managed Moves to the KS4 AP Roll	6
Managed Intervention to the Octagon AP Academy (Secondary)	13
Managed Intervention to the Octagon AP Academy (Primary)	9
Interim Placements – KORl and Tuition Service (Primary)	6

*Data does not included school to school managed moves

4 Additional Support Proposal

- 4.1 Although the creation of external arrangements to support vulnerable students is a valid response, a more sustainable model which would result in improved resilience and capacity for children and schools is needed. Making early intervention the less costly alternative to permanent exclusion, where cost is measured financially but also by the impact on the life chances of the most vulnerable children in the borough.
- 4.2 Haringey's Behaviour Intervention Service ceased to exist at the end of Spring term 2013 following a decision by schools not to de-delegate funding (380K). In the main schools are able to develop and deliver good and outstanding support to children with behaviour difficulties, however, additional advice and support is needed for those children requiring more specialist intervention whilst attending their mainstream school.
- 4.3 TBAP's current offer facilitates early intervention through to serious cause for concern support ranging from £650 - £2,000, depending on the level of intervention.

- 4.4 Key issues for schools include the need for more short-term preventative work for children at risk of exclusion. More support for children with challenging behaviour in early years and at transition between primary and secondary are also flagged as priorities. The aim is to develop capacity and fund additional support from TBAP.
- 4.5 In order to ensure that schools have equitable access referral and take up will need to be carefully monitored. It is proposed that access to intervention will be agreed and monitored via In Year Fair Access Panel.
- 4.6 If implemented schools will need to agree to thresholds for intervention, i.e. taking into consideration that KS1 provision is finite.

5 Interim placements for KS1 pupils.

- 5.1 In addition to specialist intervention and in direct response to schools' request for KS1 provision at the Octagon AP Academy, a class to accommodate 4 extra students (totaling 16 primary places) is sought. The design of this class will emanate the practice of a nurture group in its ethos.
- 5.2 There are no plans to increase the number of commissioned places which would result in additional top up funding of 4 x 25K. Instead the cost of a KS1 teacher will be met, valued at 53K.

6 Proposed Funding Model.

- 6.1 To avoid payment at point of access acting as a disincentive it is proposed that the specialist intervention and KS1 class elements are funded as a package, i.e. specialist intervention at £110,622 and a KS1 class at £53,000 totaling £163,622. This equates to a reduction of £2,517 per school in the current primary lump sum of £170,000.
- 6.2 If agreed, the arrangement would take effect in the next financial year; April 2016 for maintained schools and September 2016 for academies and free schools.
- 6.3 The proposal to centrally fund specialist intervention provision has been presented to the Primary Heads Forum seeking individual school contributions to set up this provision but with insufficient sign-up to make it feasible. It was also presented to the Schools Forum High Needs Working Party which recommended consultation on the formula adjustment set out above.

