

**Agenda Item  
8**



**Report Status**

For information/note   
For consultation & views   
For decision

**Report to Haringey Schools Forum – 3<sup>rd</sup> December 2015**

**Report Title: Haringey School Funding Formula 2016-17.**

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**Purpose:**

**To consider responses to the consultation on proposed changes to Haringey's Schools Funding Formula for 2016-17 and to recommend the Forum's view to the Council.**

**Recommendations:**

**Forum consider whether to recommend the proposed change to the Council.**

## **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 8<sup>th</sup> 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:

- Haringey's 2015-16 funding formula (actual values).
- All London authorities (average values),
- Inner London authorities (average values),
- Outer East authorities, which have the same area cost adjustment as Haringey (average values).
- The England average.
- 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:

- The Department for Education's (DfE) expressed intention to introduce a national schools funding formula. Subsequently, the Government's Spending Review on 25 November announced that consultation on a national funding formula will begin in 2016 with the intention of introducing one for 2017-18. This is looked at in more detail in the Schools Budget Strategy Report to this Forum..
- The continuation of the Minimum Funding Guarantee (MFG) that dampens any change to budget allocations between schools.
- Haringey's level of deprivation funding compared with other LAs.
- 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 Appendices 1 and 1a.

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 (Re-consultation).**

Phase	In Favour	Opposed	No View	Comments
Primary	2	0	0	No comments
Secondary	3	3	0	See Appendix 2
Special	1	0	0	Wholly agree. Proposal has been discussed and scrutinised in depth in HNB Sub-Ctte and Forum and is robust
<b>Total</b>	<b>6</b>	<b>3</b>	<b>0</b>	

3.3. Five out of the five secondary schools that responded added comments. Those opposed to the proposal commented in some detail and the comments and supporting documentation from the four are included in Appendix 2. The comments have been anonymised and are quoted verbatim.

3.4. If agreed, the reallocation will be reviewed in January when the October 2015 data is available.

3.5. **Recommendation. That Forum consider whether to recommend the proposed change to the Council.**

## **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 removing 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 have discussed this proposal at the Secondary Heads Forum.

## **Appendix 2. Secondary School Comments Received (Anonymised).**

### **For:**

#### **Secondary School 1.**

The disproportionate numbers of SEN students in schools puts pressure (financial and educational) on these schools.

There are a number of schools that discourage families of SEN students – this is unacceptable and should be challenged.

This process is a small step which may nudge those schools that do not encourage students with SEN to alter their practices.

#### **Secondary School 2.**

We agree with the methodology of the proposal. This is not about winners and losers it is about costs incurred by schools. It is not about school popularity - since the calculations are based on high needs statements as a proportion of roll it is irrelevant to the allocations how big the roll is or whether the school is full or not. It is also worth pointing out that the fact that this school has a provision for autism is not relevant in relation to the students that we take with EHC plans in the mainstream. Many of the students in the mainstream school have primary needs other than autism.

### **Against:**

#### **Secondary School 3.**

The main issue is that the needs of the pupils are not being fully funded. If a child is allocated an amount to support their educational needs the full allocated funds should follow.

By reducing funds to a school via the lump sum, this will in effect reduce a school's ability to support the very children that need it. This measure will not only not "encourage" schools to try to support more children, in effect it could be quite the opposite. There would not be the resources in schools, which could already have major financial issues, to be able to offer the educational support needed.

#### **Secondary School 4.**

The proposed revised funding methodology is clearly weighted to the advantage of the few schools in the Borough and the significant detriment of the majority.

There is no explanation or evidence tabled supporting the proposed change in the formula. If introduced this will have such a negative impact on most LBH schools at the very time when all LBH schools are facing significant funding challenges.

1. This proposal fails to properly reflect the reality of the situation around students with statements and those who are not considered eligible for

statement funding yet display the majority of behavioural traits that would justify support funding. Only four of the schools will be financially advantaged from this revised formula: nine will take a very real financial hit under this proposal – yet still face the challenge of managing a diverse and challenging range of student behaviour.

2. Many of the schools that are expected to accept a reduction in funding face the very real challenge of continuing to meet the needs of the broadest cross section of student intake, without the necessary financial resources. Without doubt this model will disadvantage a majority of students with SEND in Haringey.
3. This proposal makes that situation even worse and very hard decisions will have to be taken as to the appropriate response to behaviour management issues that are often intrinsically linked to SEND needs.
4. There is a lack of clarity on why the four schools meet criteria specifically which supports additional funding. What have the other nine schools done (or are not doing) to justify a continuation of the existing funding allowance? What effort has been made to research the situation on the ground in each of these schools and what justification is there that a falling demand will follow – so funding inevitably follows the pupil intake?
5. What is the evidence that “some secondary schools are more welcoming to children with special educational needs than others”. How does this “welcome” play out in terms of a proportionate intake which reinforces the proposed revised formula? Is this “welcome” a reflection of a parental group who have the means - time, language skills, resources, access to information, contacts, and ability to write persuasive Panel friendly statements and have the drive and persistence to deal with the bureaucracy of placement and finally have the stamina to handle the many layers of the selection process? How does this equate to the implementation of the principles of equality and diversity?
6. What is the evidence that supports the view that some schools are better equipped to deal with “complex educational needs”? We do not recall any negative comments from Ofsted (2013) or since regarding the School’s approach to its management of SEND and “behaviour heavy “ students, yet this change in formula feels like a negative response to the support we offer students with SEND.
7. The school prides itself on its strong and dynamic links with the community; it is a diverse school that welcomes children from all communities and across the educational spectrum. It has an outstanding welfare and behaviour support structure and at no time has been challenged for not managing all children equally. Where is the evidence that some schools are “choosing not to receive” students yet receiving funding? Surely a simple audit of funding and student intake would identify the accuracy of this statement which could then inform the proposal. Without more detailed evidence it is hard to believe that the proposed funding formula properly reflects the actuality of this situation on the ground across the Borough. If particular schools are found to be acting inappropriately, they should be dealt with individually by LB Haringey.



8. Para 1.9 suggests that “in the main” primary schools are responsible for initiating statements – and these statements come with the student to secondary school. But what is the evidence that this process is being followed accurately and completely at primary level? – and what confidence is there that “in the main” the evidence supports the dramatic change in the proposed funding formula with the secondary school?
9. Given that the proposal aims to support schools taking high needs pupils above a threshold, what is the benefit to those schools who do not have SEND students but a higher proportion of students who cannot receive a statement but are still in high need of educational or behavioural support? Any reduction in funding will disproportionately impact on the support available to both the wider student cohort but more specifically on those students who have evident behaviour issues but have not had Primary school intervention.
10. This is an untimely, unfair and inappropriate allocation of funding to the schools across Haringey and further discussion should now take place before any change in the existing funding formula is made.

## **Secondary School 5.**

We write rejecting these proposals in the strongest possible terms and on a number of grounds.

### Summary

- In the last Secondary and Primary Headteacher Consultation exercise dated September 28, in response to the proposal to create a Secondary School Special Needs Contingency Fund, whilst primary schools were in favour of the changes Secondary schools were not. It is alarming that in the face of this clear lack of mandate the Working Group still recommended the removal of the secondary Lump Sum to create this contingency fund. No explanation has been provided and we are left to draw our own conclusions.
- School Funding in this authority has been based on well-established formulae which these proposals now seek to circumvent.
- Until recently the additional funding for pupils with Statements was not a particular issue. A large contingency was created and all schools were able to trigger the release of these funds for each Statemented pupil according to clear criteria. Indeed until relatively recently **all** Statemented pupils “came to the school” with additional funding.
- Recently all school budgets have been under increasing pressure and this has included radical changes to the way in which special needs pupils are funded. Rather than accept that this increase pressure needs to be fairly distributed using tried and tested formula between all schools/pupils the proposal now seeks to clearly advantage 5 secondary schools within the authority to the detriment of all the others.
- The basic premise concerning the uneven distribution of pupils with Statements/EH&CPs which underpins the proposal is flawed.

- Parents with a Statement/EH&CP are allowed to “name” the secondary school of their choice. This parental factor is the most important factor underpinning numbers of Statemented/EH&CP attending each school not the wishes of individual schools. No evidence is presented which supports the idea that schools are able to influence these choices by being less “welcoming”.
- Within the local authority one school has a specialist unit, it is entirely to be expected that the school attracts large numbers of pupils where this unit is able to meet their special needs.
- Numbers of pupils with Statements/EH&CPs seems to be in line with school popularity as evidenced by first choices and league table position rather than any other factor.
- The premise that only pupils with a Statement/EH&CP have high needs is flawed.
- The premise that all pupils with a Statement/EH&CP are or should be funded at the same rate is flawed.
- The premise that there is a need to “punish” schools who are currently attracting low numbers of pupils with Statements/EH&CPs by removing funding is flawed. The idea that this will “encourage” pupils to attend particular schools and shift parental choice is unfounded for the reasons above - the choice remains with the parent. Reducing funding to these “unpopular” schools make them less likely to be able to meet the needs of all high needs pupils making them even less desirable whilst those who benefit from additional funding will become more popular. These proposals will have exactly the opposite effect than that intended and represent a simple “popularity tax”.
- The financial methodology proposed is based on these views and is designed to circumvent DfE Guidelines. Notional figures are used throughout. A mixture of figures generated by pupil numbers is mixed with figures produced as a flat rate per school.
- Currently pupils with Statements/EH&CPs have access to a large central contingency held by the local authority, others are supported by funded places and still others by specific grants associated with specialised units.
- No account is taken of the additional pressure on some schools which are not full and then take significant numbers of high needs pupils not supported by a Statement/EH&CP.

## Discussion

Appendix 1 covers the background and rationale behind these proposals as numbered paragraphs. There are a number of matters here which need to be considered.

Paragraph 1.2 - Element 2. This funding is intended to cover the additional cost of educating people with high needs up to a maximum £6000. (Producing a figure of approximately £10,000 per pupil to be provided by the school.) Quite rightly this funding acknowledges that a large number of students, particularly in the local authority like Haringey, will have high needs but no associated Statement or EH&CPs, however it is very clear that the working party involved in producing these proposals takes a quite different view and is now attempting to claw the funding which has been made available to schools back into a central “top up” fund. Over

time it is our understanding that the factors driving this “notional” special educational need fund have been carefully debated and agreed, at both a local and national level. It now seems that the Working Group are looking to circumvent the transparent methodology we have used for many years to produce school budgets.

Paragraph 1.3 - Element 3. This is the crux of the matter. Although no figure is actually given in the consultation document, this fund is s part of the overall £31 million High Needs Block which is centrally retained by the local authority. (As below)

#### **Post Recoupment High Needs Block 2015-16**

Description	£
Delegated to special schools and units and AP and hospital units	4,863,400
AP Commissioning and AP top-up	1,298,400
Mainstream school top-up	4,464,500
Special school and unit top-up	6,880,100
Private, voluntary and independent schools	5,395,500
Bringing in Fund	455,700
Further Education Top-up	2,148,000
Early Years	650,100
SEN Contingency - paid to schools	500,000
In Year Fair Access	338,000
Central Support Services, includes Autism Support, Speech and Language Therapy, Language Support, Visual Impairment Teams etc.	3,724,600
SEN Transport (part)	500,000
	31,218,300

The First Statistical Return available on the DfE Website provides the Underlying Data figures for Statements/EH&CPs 2015-16. These figures show 405 Primary and 380 Secondary Statements/EH&CPs, a total of 785 pupils for next year. It is impossible to know the extent to which each of these have needs beyond the £10,000 now expected to be provided from Elements 1 and 2 as this will be determined by the nature of the Statement/EH&CPs. However, a simple division £4,464,500 identified above indicates that an additional £5,687 is available per pupil if this fund was simply to be divided equally. The High Needs Block also provides a £500,000 contingency which is again paid directly to schools although the criteria are once again unknown. The proposals we are being asked to consider are seeking to add to these “top-up” funds through a different route and one which actively penalises some schools whilst providing a financial advantage to others.

Individual mainstream schools are also able to access additional funding which is, again, not mentioned in the consultation. £1.9 million is set aside to directly fund pupil places in mainstream schools. Alexandra Park School, Hartland’s and

Fortismere benefit from this funding with Heartlands and the Language Unit at Coleraine Park also benefiting from a £233,000 specific grant.

At a time when all schools are experiencing tremendous pressure on budgets our current formula funding arrangements spread the “pain” using well established principles which this proposal seeks to set aside.

Paragraphs 1.5 to 1.8 seek to justify these proposals with some poor logic and frankly offensive statements.

Paragraph 1.6 mentions evidence that some schools are “more welcoming” than others but then fails to provide any such evidence. What is clear is that there is a disparity in the numbers of pupils with Statements/EH&CPs going to the different secondary schools. The reason for this is obvious. It seems that the working party have entirely forgotten one of the critical and most important aspects associated with the provision of a Statement. A Statement allows a parent to “name” a school at secondary transfer, it is in effect a passport which bypasses all the usual admission criteria. Looking at the allocation of Statemented/EH&CPs pupils to schools next year produces a pattern we have seen many times before. The numbers simply reflect and completely mirror that of the league tables and the numbers of first choice applicants. This is entirely logical. A parent holding a Statement gets to choose a school directly and will logically choose a school identified, particularly by league tables, as a better schools in the authority. Schools like ours, which attract perhaps 70 first choices are named on Statements very rarely.

Furthermore, it would be a nonsense to suggest that a parent holding a Statement where the identified need is autism would not name Heartlands as a school of choice with its specialised unit or deliberately choose a school without the expertise, experience or the necessary resources.

What is interesting here is that this disparity in numbers has until recently not been an issue. Pupils with Statements attracted extra funding and schools were happy to accept them. It seems that now the funding arrangements have shifted to acknowledge that not all those pupils with high needs have a Statement/EHCPs this is suddenly a problem and rather than simply being direct and clear about the issue we now find schools, with absolutely no justification, being accused of effectively turning away special needs pupils.

Paragraph 1.7 is also fundamentally flawed. This paragraph completely ignores the fact that this “notional” funding is to support the additional £6,000 for **all** those pupils with special needs **regardless** of whether they have a Statement/EH&CPs or not. In a school like ours large numbers of our pupils arrive after secondary transfer, frequently from overseas, often with English as an additional language and other areas of high need. This year GCA has accepted **56** students as “normal admissions” since the beginning of September, **39** of these are at beginner EAL level. They will have not been through the process of securing a Statement/EHCPs at primary school and will often not understand the process required, (quite aside from the fact that very few Statements/EH&CPs are issued in the secondary sector). That these students arrive with sometimes severe high needs, often compounded by being EAL should not surprise anyone in the authority. By allocating funding using our current factors

which include deprivation, prior attainment and EAL we are able to go some way to meet these acute high needs and it is this capacity which this proposal seeks to dramatically reduce.

Paragraph 1.9 builds on the view that at secondary transfer Statements have not historically been used to bypass the usual admissions process. It is surprising that a group of experienced Headteachers and officers should suddenly forget this truth!

It also seems that the divisive nature of actually obtaining a Statement/EH&CPs has been forgotten. The process is usually started in primary school, requires determination and persistence on behalf the parents, a good understanding of documentation, forms and associated paperwork and clearly discriminates against, less educated, late arrivals into the country, particularly those arriving at secondary age, and those families where English is not their first language. It is exactly these families who have been supported by the “notional” SEN Budget which is now under threat.

Paragraph 1.10 once again ignores the way that historically these numbers of Statements/EH&CPs have built up, or not, in secondary schools over the past years as parents with a Statement/EH&CPs use that statement to choose a school. It is not the other way round. As such the idea of a threshold is ridiculous. The paragraph talks about high needs pupils and seems to equate them only with those who have a Statement/EH&CPs - this is simply not true. Finally, the proposal talks about encouraging increased take-up in those schools taking disproportionately low numbers by penalising them financially, it does not explain how this might work and it seems to make no logical sense! Surely reducing funds makes the school are less attractive choice to parents and it is the parents who are choosing the schools and using the Statement/ECHPs to support that choice not the other way round.

Paragraph 1.11 is somewhat disingenuous. The proposal to remove the secondary lump sum is simply because without entirely restructuring the top-slicing model used to create the High Needs Block this is the only factor which can be changed without breaching DfE Guidelines or triggering the minimum funding guarantee for a school.

Paragraph 1.12 to 1.13 continues the theme. In essence the idea that “The number of plans and statements...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.” is the flawed conclusion based on two flawed assumptions. The first is that only those pupils with a plan or statement have high needs. The second is that schools are able to exercise choice when it is patently obvious that the choice is that of the parents. Whilst parental choice is the dominant factor unless the local authority is intending to “direct” children with plans of statements to equalise numbers this will simply never happen and it is grossly unfair to penalise schools in this situation.

Appendix 1a – This is attached as Appendix 2a

The appendix is provided with our notes on the methodology.

The “usual” way to create a new “pot” of money would be to top-slice at the level of DSG, transparently, then identify clear criterion for the allocation of those funds or alternatively how they might be accessed through criteria or bidding. What this method does is determine a flat rate of £130 per pupil to produce a new pot of just over £1.4 million. This is divided by the number of Statements/EHCPs to produce a nominal amount per pupil. It ignores the £4.46 million already retained in the High Needs Block where up to £5000 per pupil is already available. It assumes that every pupil with a Statement/EHCP is funded at exactly the same rate which is not true. It produces winners and losers with GCA losing over £70,000 through to Heartlands, (already in receipt of considerable additional funding as above) benefiting by over £170,000. The intention appears to be punitive in terms of the perceived, (but again flawed), notion that some schools are less able to be “welcoming” to special needs pupils. It is iniquitous at every level. This fund is created from funding which even “notionally” is intended for the neediest students using well researched, well-established and well trusted proxy indicators. Suddenly we are to throw this in the air in favour of crude numbers and crude assumptions.

It seems that reducing and increasing budgets to reflect this methodology is outside the DFE guidelines and the LEA is worried about triggering minimum funding guarantees, (which is highly telling in itself, indicating that some schools are already funded extremely close to that minimum guarantee). Instead the methodology seeks to circumvent this entirely sensible precaution by using the Lump Sum to give the desired outcome. GCA is stopped the punitive £73,700. In order that Heartlands can actually benefit to the tune of £170,000 requires £244,538 to be given to that school simply to have £73,700 removed. It is blatantly a process designed to circumvent government guidelines.

Finally, paragraph 1.14 states that this proposal has been discussed at the Secondary Heads Forum. That is true but it did not meet universal approval or gain universal support in that group or during the last consultation.

It is for these reasons that we are unable to agree to reduce the secondary school lump sum and use the funding released to create a secondary school special needs contingency.