

Agenda Item
5



Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum – 12th April 2016

Report Title: Funding the High Needs Block.

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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.

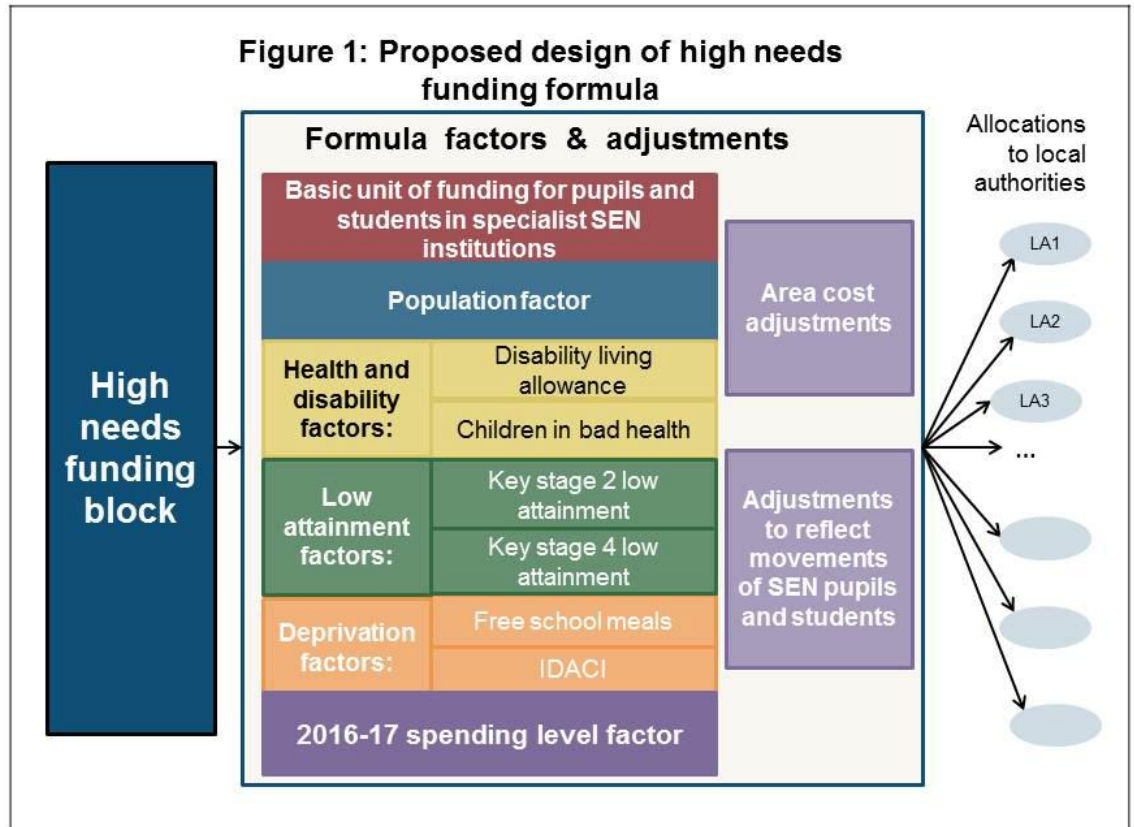
1. Introduction.

- 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.