

Response ID ANON-2CXQ-12B1-M

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

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Introduction

A What is your name?

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::

Other

Organisation name::

The Kent Schools' Funding Forum (SFF)

Local authority area::

Kent

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::

The Kent Schools' Funding Forum (SFF) believes that the national funding formula system that has been proposed fails to strike the right balance between fairness and stability. We think that it rewards some LAs and penalises others at a time when the vast majority are experiencing difficulty managing material unfunded High Needs budget pressures.

We believe that any new High Needs funding system that is introduced must be sufficient to support both the needs of the young people currently in the system (stability) as well as those young people who will access it in the future. The proposals do not allow for this, as floor authorities will be required to make cuts to existing provision to help fund new provision, until floor funding is eroded. This is unfair, particularly for floor authorities who are experiencing significant growth as we are in Kent.

There still appears to be a lack of evidence as to how the proposed funding aligns with DfE legislation on High Needs pupils, e.g. medical needs. The legislation also now talks about "parental confidence" and "personal budgets", but there doesn't appear to be any reference to these areas in the consultation.

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::

We are 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 rather naive of the DfE to question in the consultation the need of local authorities to transfer further funding from the schools block into High

Needs following the rebasing exercise in 2016-17. The High Needs budget pressures experienced by the majority of local authorities are 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.

We are unable to comment whether the 50% proposal appears to be 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::

We think that this 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 that some authorities have necessarily invested capital funding into.

We disagree with the DfE'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 it at £4k penalises LAs who have already invested heavily into in-house Special School provision to meet the needs of their local children.

In reality LAs will prefer in-house Special School provision as opposed to more costly independent out of county provision; not only is it better value for money, it also 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::

The SFF working with the Local Authority have looked over the years at many different data sources for distributing High Needs funding, and the one that we consistently return to as a fair, simple to understand and reasonable basis for distributing funding is pupil population, as it has a high correlation with overall need at LA level. We therefore fully support the inclusion of this factor in the High Needs formula but we would like to see a much larger weighting applied than is proposed in this consultation.

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::

We have concerns about the use of this factor and in particular over potential turbulence in the data from one year to the next. We therefore believe that if the Department is to include this factor, they should allocate a lower proportion of the total available funding. This view is supported by our response to question 3 above regarding the use of the general population.

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

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::

Our understanding is that this data source is not updated that frequently and therefore it will not reflect changes in LA areas. If this is the case, it is a poor source of data and should not be used to distribute funding to LAs.

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 are not a reliable and consistent measure. We are also concerned that some non-physical disabilities take longer to diagnose and therefore believe that the DLA data 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 LA could manage with lower levels of funding than they currently receive, so we fully support the principle of a floor that results in no LA losing funding from these proposals.

However we are very concerned about the years immediately following the introduction of a High Needs NFF. Our assumption, in the absence of any information to the contrary, is that LAs 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 a school's MFG protection works). For some authorities this will mean a number of years of absolute flat High Needs funding allocations at a time of unprecedented 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. So our view is that this is unmanageable and one that the DfE needs to urgently reconsider. If this is not done then there is the real risk that we will see a significant number of LAs 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.

Furthermore, reductions in High Needs payments to mainstream schools or FE colleges will lead to a less inclusive system, and in turn this will lead to LAs being forced to place children in more expensive forms of provision, putting the High Needs budget under even greater pressure.

Finally LAs are currently unable to reduce Special School funding rates by more than the -1.5% MFG, which under normal circumstances is reasonable. Looking ahead the DfE may have to consider removing this protection or allowing LAs flexibility so that we can consider deeper reductions to Special Schools so that we can remain within budget.

We therefore think that the protection offered through these proposals should be strengthened and applied to future years so that not only does it protect the current level of funding, but it allows for annual growth in a fair and consistent way.

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::

Yes we support the setting of the floor so that no LA sees a reduction in their High Needs funding. Our support is on the basis that LAs will be spending their current High Needs allocation and it's 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 we are really disappointed with this proposal. We believe the additional requirement to now get the majority of schools' approval is an unnecessary addition as it adds additional bureaucracy at a time of diminishing LA resources. We believe that until the hard NFF is introduced in 2019-20, the transfer of funds between blocks should remain a Forum decision without the need to undertake a costly 'all school' consultation. This facility is an essential option that should be available to LAs to managing the overall DSG system.

Furthermore we believe that the transfer of funding between blocks is a complicated issue, and one that we as a Forum spent time with LA colleagues fully understanding all of the implications before reaching a decision.. Schools are unlikely to have the same level of understanding of the strategic picture.

In future it is vitally important that the Department/Ministers provide adequate annual increases in the High Needs block to fully fund the year on year High Needs pressures faced by LAs. It is completely unrealistic to assume that LAs will top up DSG with Council funds, so in reality LA DSG reserves will very quickly go into deficit.

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 the Department should ensure that future increases in LA high needs blocks should reflect not only inflationary increases but also actual pupil growth. If LAs are funded appropriately, there is no need for continued flexibility.

An alternative would be for the Department to step back from the proposed hard separation between Schools and High Needs blocks, for all the reasons set out in the answer to Question 4. The reason we are suggesting this is that, for the DfE, funding growth in High Needs while removing the ability to vire between

Blocks will mean an increase in public expenditure – and we think the status quo or something like it might be the lesser evil at the current time.

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::

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