

High Needs National Funding Formula and Other Reforms – Draft Consultation Response

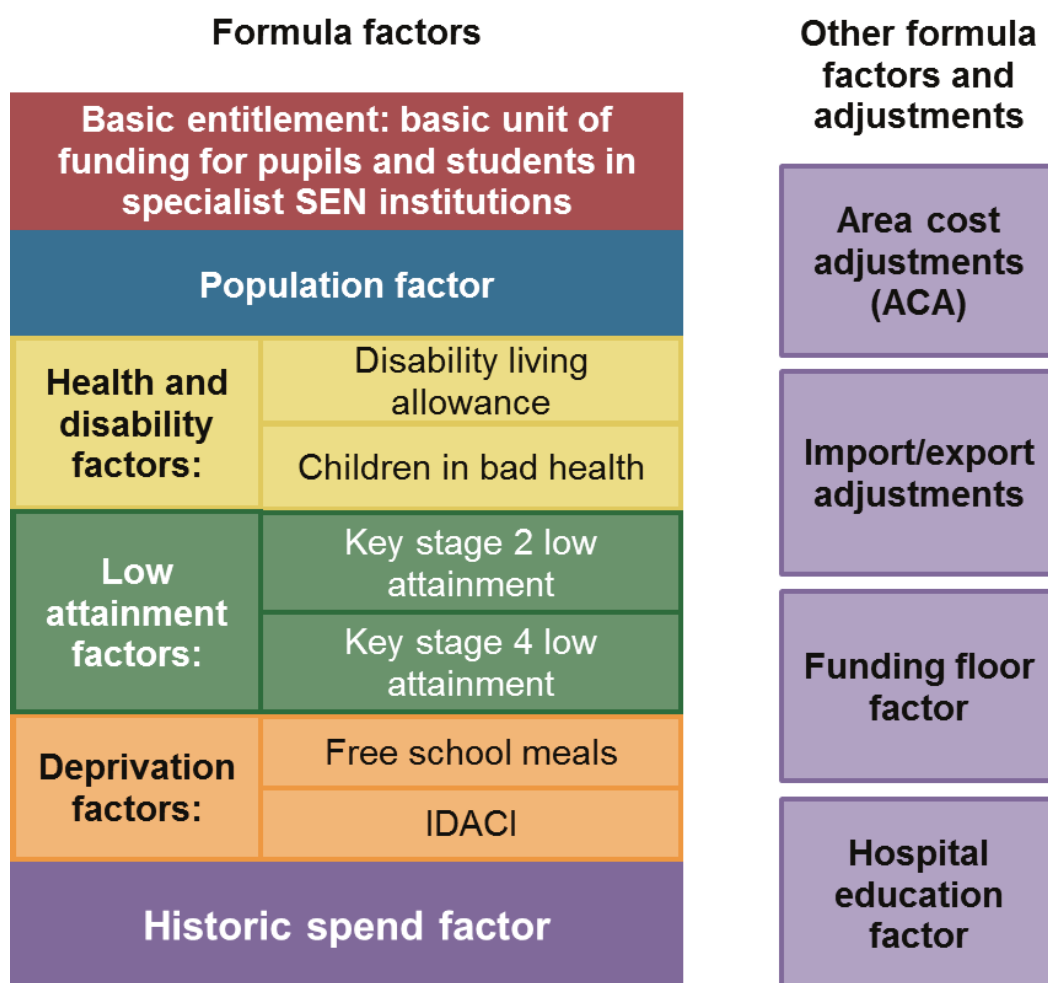
Purpose of report

1. To present a draft consultation response to the government consultation on a national funding formula for high needs in order that a response can be finalised prior to the deadline for submission.

Main considerations for School Forum

2. On 14th December 2016 the government issued a stage 2 consultation on proposals for a national funding formula for high needs funding. The closing date for the consultation is 22nd March 2017.
3. The initial consultation on a national funding formula was issued in March 2016 and focussed on the principles of a national funding formula. It was proposed that a funding system should have seven underpinning principles – that a funding system should:
 - Support opportunity
 - Be fair
 - Be efficient
 - Get funding to the front line
 - Be transparent
 - Be simple
 - Be predictable
4. Having analysed the responses to the phase 1 consultation the government has proposed a national funding formula for high needs comprising a number of building blocks based on population, proxy indicators for high needs, and historical spend. Other adjustments will then be applied including an adjustment for net “import/export” of pupils with high needs and an area cost adjustment. The proposed formula factors are illustrated in the following diagram:

Figure 1 – Building Blocks and Factors in the high needs national funding formula (source: DfE consultation on high needs funding formula)



5. The key principles that the government is aiming to balance in the proposed formula are fairness and stability. The consultation document seeks views on whether that balance has been achieved.
6. In order to achieve stability of funding it has been proposed that approximately 50% of the funding received by each local authority will be allocated according to the historical spend factor which is calculated as 50% of the cash baseline figure for each LA. This amount would be held as a flat cash amount in the formula for 4 years until the formula is next reviewed.
7. The remaining 50% (approximately) of the funding is proposed to be allocated according to the following factors. The allocation for high needs is split across SEN, Alternative Provision (AP) and an element for Hospital Education. These allocations for SEN and AP are based on formula factors weighted as follows:

Table 1 – High Needs National Funding Formula Factor Weightings (source: DfE consultation on high needs funding formula)

Formula factor	Proposed weightings			Data we have used for illustrative allocations
	SEN (90%)	AP (10%)	Combined	
1. Population	50%	50%	50%	Latest population aged 2-18 projection for 2018 from the Office for National Statistics (ONS)
2. Deprivation				
a. Free school meals (FSM) eligibility	8.3%	25%	10%	Number of children eligible for FSM
b. Income deprivation affecting children index (IDACI)	8.3%	25%	10%	Number of children in bands A-F from 2014 ONS population estimates
3. Low attainment				
a. Key stage 2 (KS2) results	8.3%	0%	7.5%	Number of children not achieving level 3 or above in KS2 tests in 2011-15
b. Key stage 4 results	8.3%	0%	7.5%	Number of children not achieving 5+ A* to G GCSEs in 2011-15
4. Health and disability				
a. Children in bad health	8.3%	0%	7.5%	Number of children and young people declared as in bad or very bad health in the 2011 census
b. Disability living allowance (DLA)	8.3%	0%	7.5%	Number of children aged 0-15 for whom parents receive DLA

8. The consultation seeks views on the proposed weightings of the formula factors.
9. The consultation also outlines proposals for a funding floor such that local authorities that would otherwise lose funding under the other factors in the formula are protected. It is proposed to set the funding floor so that no LA will see a reduction in funding compared to their current baseline.
10. The exemplification data provided by DfE indicates that Wiltshire will be on the funding floor under the new national formula for high needs and therefore will not gain any funding under the new proposals.
11. The final element of the consultation considers the degree of flexibility that may be allowable between funding blocks following the implementation of the national funding formula for high needs and the national funding formula for schools.

Draft Consultation Response

12. A draft response to the consultation is attached as Appendix 1 to this report.
13. The response was considered at the joint meeting of the School Funding Working Group and SEN Working Group on 24th February. The main concerns of the group related to the overall level of high needs funding and the use of proxy data for SEN that does not support the needs of pupils in a rural authority such as Wiltshire.

14. A regional meeting of LA Finance Officers is taking place on 1st March to consider responses across the region and any pertinent points from that meeting will be fed back to Schools Forum at the meeting.

Proposals

15. That Schools Forum considers the draft response and agrees the final response to be submitted to DfE by 22nd March 2017.
16. That the agreed Schools Forum response be circulated to all Wiltshire Schools to inform their responses to the consultation.

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