

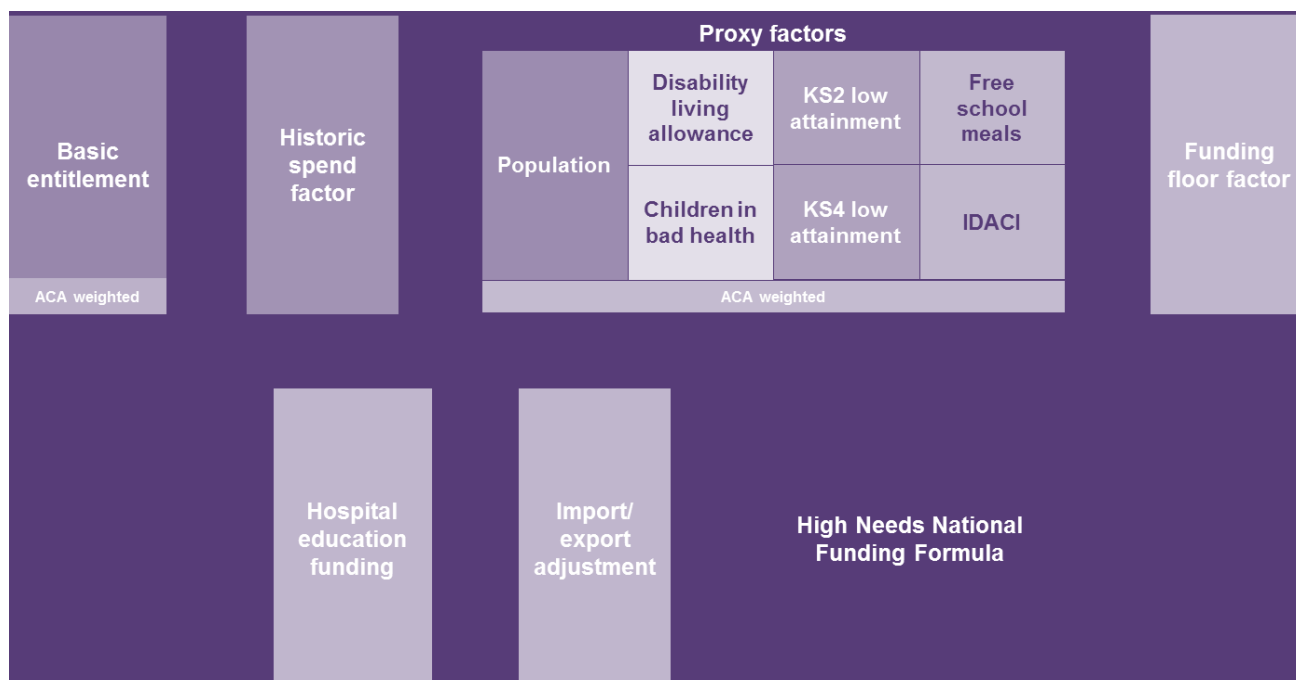
The National Funding Formula for High Needs

Purpose of the Paper

1. To report on the government's proposals for high needs funding in 2018-19 and 2019-20 and potential implications for Wiltshire.

Main Considerations

2. The government issued its policy document on a national funding formula for schools and high needs on 14th September 2017. The documents can be accessed [on-line](#) via the government website.
3. The policy document outlines the government's intention to allocate funding for high needs via a national formula rather than the current methodology which is based on historical spend patterns.
4. Whilst the proposals broadly reflect the options consulted on earlier in the year a number of changes have been made to incorporate the additional funding that has now been agreed to support the implementation of the national funding formula for schools and high needs. According to the document the impact of the increase in funding will be that:
 - LAs that are under-funded will see gains of up to 3% per year in each of 2018-19 and 2019-20, and,
 - LAs will be protected from losing funding under the formula and will instead see minimum increases of 0.5% per head in 2018-19 and 1% per head in 2019-20, compared with planned spend in 2017-18.
5. Wiltshire falls in to the second of those two categories.
6. The factors and calculations in the national high needs formula are as follows:



7. Each of the above factors are added together to give the high needs funding formula. Key elements of the formula are as follows:
- Basic entitlement** – each LA will receive an amount of £4,000 for each pupil in a special school. This will be driven by the October census in the same way as pupil data for the mainstream formula
 - Historic spend factor** – 50% of funding will be allocated on the basis of historic spend. The baseline for this will be the 2017-18 planned spend. This is helpful to Wiltshire as the baseline takes in to account the additional £1.7m transferred from central schools block to high needs in 2017-18.
 - Proxy factors** – these will be calculated using measures of deprivation, low attainment, children in bad health, and disability allowance.
 - Area cost adjustment** – to reflect areas with higher costs. Wiltshire will receive a small area cost adjustment.
8. Further adjustments are then made as follows:
- Funding Floor** – a funding floor adjustment is applied to ensure that LAs do not lose funding through implementation of the formula. The floor has been set so that LAs who would otherwise lose out will receive an uplift of 0.5% in 2018-19. The floor has also been adjusted to reflect a minimum level of funding per pupil so that population increases can also be taken in to account.
 - Import/Export Adjustment** – this adjustment is designed to reflect higher costs in areas that attract more pupils from other areas and lower costs in those councils that “export” pupils to other areas. This adjustment will be calculated using census data for the numbers of pupils who attract top up funding,

comparing the numbers occupying places in an authority area compared with the numbers that the LA pays for the core place for. A positive or negative adjustment of £6,000 is made for each unit of difference. Wiltshire is a net exporter and therefore will have a negative adjustment to its high needs block funding.

- c) **Transfer to schools block** for core funding for pupils in resource bases/ELP as these pupils will now receive AWPU funding through the mainstream formula and places will be funded at £6,000 per place as opposed to £10,000.

Impact on Funding For Wiltshire

- 9. Wiltshire will be on the funding floor for the new high needs formula.
- 10. Estimated high needs funding for 2018-19 is £45.020 million. This reflects the 2017-18 baseline, the transfer of £2.368m back into schools block for AWPU funding, and estimated values for the basic entitlement and import/export adjustment. It is currently assumed that Wiltshire “exports” 232 pupils and the reduction in funding is £1.392m. Whilst the historic spend element and the element calculated through proxy indicators are now confirmed for 2018-19 the factors for the basic entitlement and the import/export factor will be updated following the October pupil census.
- 11. Planned high needs spend in 2017-18 is £47.070m. If this is adjusted for the transfer of £2.368m back to schools block then current planned spend is £44.702m for comparison.
- 12. As outlined in the report on the National Funding Formula for schools, there is a level of flexibility to allow LAs to move funding from schools in to the high needs block. LAs will be able to move up to 0.5% of their schools block funding in to the high needs block with the agreement of their schools forum. The Operational Guidance for 2018-19 states that all schools must be consulted before schools forum makes the decision and therefore any decision to consult schools will need to be made at this meeting. Any decision to transfer funding in this way needs to be taken in the context of the LA’s strategic approach to the planning of future provision for children & young people with SEND. It will also be necessary to meet the minimum requirements for levels of pupil led funding within the mainstream formula. It is not clear whether this flexibility will continue in to future years.

Proposals

- 13. Schools Forum is asked to note the content of this report

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