

## Response ID ANON-2CXQ-1242-7

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

Submitted on **2017-03-22 12:40:06**

### Introduction

#### A What is your name?

**Name:**

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#### C Response type

**Please select your role from the list below::**

Other

**Please select your organisation type from the list below::**

Representative body

**Organisation name::**

North Tyneside Schools Forum

**Local authority area::**

North Tyneside

#### 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::**

Although the proposals attempt to strike a balance between fairness and stability, North Tyneside Schools Forum (the Forum) does not feel that the steps go far enough to ensure that those principles are upheld.

The Forum has concerns that the data to be used in the proposed formula is only a weak proxy measure for the true level of local need. The time lag involved in the collection of the data relating to the factors further restricts the extent to which they will reflect actual needs. The Forum is also concerned that the formula factors will not reflect the growing number of children with complex needs in North Tyneside.

Historically, the high needs budget in North Tyneside has experienced significant pressures. Due to the need to cut its budgets by up to £52million over the next three years, the local authority will not be in a position to be able to top up the high needs budget to address any shortfall in funding.

The fact that the proposed arrangements will not reflect real needs is a major concern. Our experience shows that even the need to make one out-of-borough placement can make a big difference to the budget. The restrictions on moving funding between blocks will only add to the difficulty of aligning the budget to need.

The Forum also has concerns about the use of the historic spend factor which is proposed to be in place for 4 years. Our experience is that dealing with spending pressures in-year has been a constant challenge, resulting in annual overspends and requiring the ability to respond flexibly to address shortfalls in the high needs budget and to ensure the stability of provision. The DfE's proposed approach does not take this into account. The use of the budget in the Section 251 Statement, rather than actual spend, means that the starting point for the high needs funding allocation will not take account of the actual pressures on funding.

When the issues above are considered in the round the Forum does not feel that the proposals to use the combination of historical funding and formula factors go far enough to reflect fairness and we are not confident that they will provide enough stability at the local level.

### 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:**

The proportion is about right

**Please explain your reasoning and any further evidence we should take into account::**

We appreciate the dampening effect that using historical spend will have on reducing the risk that the new formula could have on skewing the local high needs budget. However, the fact that historical spend is based on the Section 251 budget statement (reflecting the budget at the start of the year) means that this will not reflect actual spend at the end of the year. This may result in an in-year over-spend of the high needs block. Furthermore, the historic spend factor will become increasingly out-dated over the period of 4 years during which it is proposed to be used in the formula.

Unless the level and nature of local need remains the same this will have a negative impact on the extent to which the budget is aligned to local needs. Historical trends and intelligence about future demand all indicate that local needs are increasing and becoming more complex. It is therefore very unlikely that the historical element of the formula will reflect the true pattern of need. The Forum recommends that use of the historical spend in the formula should be reviewed after 2 years rather than 4 years as is proposed in the consultation document. We have highlighted this in our response to Question 8 about further considerations DfE should be taking into account.

**Basic entitlement - To allocate to each local authority £4,000 per pupil - Basic entitlement - To allocate to each local authority £4,000 per pupil:**

This is about the right amount

**Please explain your reasoning and any further evidence we should take into account::**

As this element is based on the previous year's January school census it will not reflect the predicted need for places. In North Tyneside the complexity of needs has increased year-on-year due to improvements in health care so that there are more children with life limiting conditions. This trend is expected to continue. This means the high needs allocation will not reflect the increase in demand for places.

## 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 lower proportion

**Please explain your reasoning and any further evidence we should take into account::**

Whilst in North Tyneside there are approximately half the numbers of 2-18 year olds compared to the average local authority, there is a higher percentage of learners with statements or EHC plans. The Forum is therefore concerned that this may not represent a sound proxy for need.

**Free school meals (FSM) eligibility – 10% - Free school meals (FSM) eligibility – 10%:**

Allocate a higher proportion

**Please explain your reasoning and any further evidence we should take into account::**

The proposed factor is 'FSM' rather than FSM6 (children recorded as eligible for Free School Meals at any point in the last six years). The use of FSM has serious negative implications. The Forum is strongly of the view that FSM6 should be used.

It will be important to ensure that uptake is encouraged. Whilst the local authority, working with Schools Forum, schools and other partners will do all it can, the Forum urges DfE to take any opportunities available to encourage uptake.

The Schools Forum would also like to draw the DfE's attention to the fact that non-unitary authorities may face even greater challenges in addressing the issue of uptake than is the case for unitary authorities like North Tyneside.

**Income deprivation affecting children index (IDACI) – 10% - Income deprivation affecting children index (IDACI) – 10%:**

Allocate a higher proportion

**Please explain your reasoning and any further evidence we should take into account::**

The 2016-17 formula uses the updated IDACI scores published in September 2015. The IDACI data is updated every 5 years. In 2016-17 changes to this factor in the schools funding formula created difficulties and care needs to be taken when the data is refreshed to avoid such turbulence. Specifically, the DfE need to ensure that bands are updated, in a timely manner, when the IDACI scores are updated. It is important that DfE avoids such unintended consequences in the future and publishes details of how this risk will be managed.

**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::**

The Forum is concerned that this penalises those local authorities who do well in achieving educational outcomes.

**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::**

The Forum is concerned that this penalises those local authorities who do well in achieving educational outcomes.

**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::**

There was a reliance on self-reporting in the 2011 census. DfE need to be aware that this factor may therefore be less robust than the DLA factor below.

**Disability living allowance (DLA) – 7.5% - Disability living allowance (DLA) – 7.5%:**

Allocate a higher proportion

**Please explain your reasoning and any further evidence we should take into account::**

The data is stronger, reflecting assessed needs, than that relating to children in bad health and we can therefore be more confident in it.

**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::**

The Forum agrees with the principle of protecting local authorities from reductions in funding as a result of the formula. Without this protection there would be considerable instability to the high needs budgets allocated to local authorities.

**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::**

The Forum agrees that there should be a funding floor adjustment. We note the DfE's proposal is to collect similar information relating to local authorities' planned spending in 2017-18, with a view to using this as a baseline for calculating the funding floor adjustment for 2018-19 and subsequent years. (para 3.29)

**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::**

The Forum does not agree with 'limited flexibility.' We feel strongly that there should be much greater scope to allow the movement of funding between the schools and high needs budgets in 2018-19, so that appropriate responses can be made to needs at the local level. In the past year, in North Tyneside, we have needed to manage pressures affecting the high needs budget in the subsequent year by the movement of funding from the schools block. The ability to utilise this flexibility, with the consent of Schools Forum, has been critical to responding effectively to changing local needs. We are therefore extremely concerned that 'limited' flexibility will have a negative impact on our ability to respond and restrict the extent to which local need can be met effectively in the future.

**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:**

Local areas, with the agreement of Schools Forum, should have appropriate flexibility to agree the changes required to funding i.e. there should be flexibility according to needs. The existing arrangements work well. In North Tyneside schools recognise the rigour and integrity which governs the decision making powers of School's Forum and are confident that decisions taken are in the best interests of the young people whose needs they serve. The introduction of the National Funding Formula adds complications to how this flexibility can be achieved, nevertheless, we feel that appropriate flexibility must be enabled.

**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::**

The Forum is extremely concerned about the level of flexibility to move funding between the schools and high needs budget. We also feel that this masks the more significant issue of DfE ensuring that the high needs budget is adequate to meet local needs. Notwithstanding the level of flexibility to move funding between blocks, the proposals place the Forum, the local authority and individual schools in the invidious position of having to decide how to distribute resources, when both the schools and high needs budgets are already facing significant pressure. We therefore feel that DfE should ensure that the need for additional resources is addressed at national level rather than passing the responsibility to local authorities.

The proposals do not take account of the areas where there are pressures. The proposals create uncertainty as to whether we can sustain both the quality and range of commissioned services. The changes may mean that schools will have to buy such services themselves.

The Forum is acutely aware of the pressures on all ARPs and Commissioned Services. Pressures arise from increasing demand and cost increases due to salary rises.

Schools already under pressure are protected by 3%. If there is to be no increase in the total funding available, how can there be protection from changes?

To support inclusion of children with SEND in mainstream schools, DfE should consider the numbers of children with EHC Plans and Statements in mainstream schools and accessing commissioned services and/or Additionally Resourced Provisions which support inclusion. This is not reflected in the proxy indicators.

The lagged funding model is likely to create difficulties in responding to need. There are also questions about the timing and availability of data. If the funding for Special School places in 2018/19 is to be based on January 2017 census data when will the High Needs funding allocation be known?

DfE should consider reviewing the historical spend factor after 2 years rather than waiting until 4 years have elapsed.

The Forum would urge DfE to produce guidance for local authorities about top-up. Currently, each local authority develops its own approach to top-up, using different criteria to allocate a banding to children with SEND and arrangements to moderate the level of need. There are increasing numbers of children at the higher bands in North Tyneside creating a significant funding pressure. We therefore need national guidance from DfE to inform local implementation of top-up arrangements and to ensure that best practice is disseminated. This guidance should encompass the need to differentiate the amount of funding that is appropriate to reflect the child's phase of education.

The proposals for funding ARPs are likely to introduce complexity into the system. We are unclear how DfE envisage this would work in practice. We have concerns that this will introduce more bureaucracy into the system.

It will be critical to have capacity in the system at local level to deal with claiming for children in our schools who come from other local authority areas. This involves a lot of work and our experience shows that it is not effective if responsibility is delegated to school level. The need to resource this work needs to be recognised.

The Forum notes that, in Chapter 4 of the consultation document (Para 4.43), DfE is advising local authorities and schools to bear in mind that the Department has set out the intention that schools should have more responsibility in future for commissioning Alternative Provision, including for any pupils they have permanently excluded, and that this would be accompanied by accountability for pupils' educational attainment while they are in Alternative Provision.

The Forum notes this advice but are concerned that there is a lack of information about proposals for funding Alternative Provision. Locally, in 2016-17, Moorbridge, the Pupil Referral Unit in North Tyneside, has a budget of £1.35m and is therefore a significant beneficiary of high needs funding. The Forum would therefore like to understand the DfE's proposals for funding such provision as soon as possible. This is a significant gap in the information available to enable us to make a fully informed response.

## **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::**

The Forum's concern, taking account of all the comments above, is that children and young people with SEND will be disadvantaged compared to their peers as the funding available will be inadequate.