

Natspec response to the High Needs Funding Stage 2 consultation

Copy of the on-line survey questions

<https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/consultation/intro/>

Question 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?

Answer

Yes

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

We broadly agree with the principles outlined, and accept that fairness must be balanced with stability. In our stage 1 response we stated that we did not believe that any local authority should lose funding as a result of the formula, and we are pleased that the proposals confirm that there will be no losers. The limit of a 3% rise for those LAs that are most in need of an increase does, however, mean that it will take many years before fairness is achieved, and we would advocate that any opportunity is taken over the coming months and years to close this gap more quickly.

In terms of the practical application of these principles locally, we suggest that the government should do more to enforce fair, equitable and consistent decision making between local authorities. As outlined in our stage 1 response, the current variation in policies, practice and interpretation leads to the undermining of the principles set out in the consultation proposals and the inevitable break down of trust in the system. This results in young people and families subject to the postcode lottery, and education providers having to spend more on administration to deal with the different approaches. It undermines the integrity of the Code of Practice and prevents young people and families accessing a fair system irrespective of where they live.

We are therefore disappointed, but accept, that the proposals reject the call for a national funding system. We do not however agree the reasoning that "detaching local assessment decisions from the financial consequences of those decisions...would make it much harder to manage the costs from the overall high needs budget" (para 2.13) – in fact we would argue that national funding could create cost savings through reduced duplication, more equitable decision making, reduced bureaucracy and fewer appeals and tribunals.

However, given that there is to be continued distribution of high needs funding from central government to local authorities, we are very keen to work with the Department and local authorities to explore whether these efficiencies can be made at regional level through strategic planning by groups of LAs, particularly for more specialist provision, and through

more widespread use of national contracts and common monitoring systems. It is essential that principles of fairness, efficiency, getting funding to the front line, transparency, and simplicity become the reality of the system and not an unfulfilled ideal.

Finally, in terms of stability and fairness, we understand that detailed post-16 proposals will be forthcoming later in the year (para 4.18). With details regarding further education omitted from the current proposals, it is essential that government reminds LAs that they should not also omit the post-16 age group from their strategic planning. Without the detail of how high needs funding for post-16 institutions might change in the future, it is possible that this important age group is under-represented in how LAs make decisions and distribute their high needs budgets. LAs should therefore be strongly advised by DfE to consider post-16 and post-19 provision in their strategic reviews. In addition, stability is important for post-16 providers, so we urge that any changes to funding for the 2018/19 academic year are discussed as early as possible, and before the LAs conclude their strategic reviews.

Question 2. Do you agree with the following proposals?

Historic spend factor - To allocate to each local authority a sum equal to 50% of its planned spending baseline

2.1 Allocate a higher proportion The proportion is about right Allocate a lower proportion

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

Given the increased costs and budget pressures on schools, we are concerned that there is a significant potential for LAs to transfer money out of their High Needs block in 2017-18 (the intended baseline year) to ensure that the schools block is boosted. With historic spend then kept as a cash flat figure, to be reviewed in four years, there is a significant risk that the historic spend factor is under funded. We therefore believe that either historic spend should be based on the average of more than one baseline year, or that historic spend should be annually recalculated rather than baselined.

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

Allocate a higher amount **This is about the right amount** Allocate a lower amount

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

We agree that there should be a consistent figure applied across all age groups. This has been a discrepancy in the past and are pleased that it is now proposed that the amount should be the same.

Question 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%

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

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

The population factor accounts for population aged 2-18. Whilst we understand the reasons for this decision, particularly the intention not to distort the figures by including the total population of those aged 19+ in university towns, we request that the government explores other options to assess the older age group, potentially through examining historic spending patterns and numbers of students in FE for 19+ high needs.

Free school meals (FSM) eligibility – 10%

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

We understand from the Technical Note that ILR data on FSM has not been used for the illustrative allocations, and suggest that this should be included (Free Meals Eligibility field in Learner Funding and Monitoring) to ensure that those in colleges and other FE institutions are accounted for.

Income deprivation affecting children index (IDACI) – 10%

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Key stage 2 low attainment – 7.5%

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Key stage 4 low attainment – 7.5%

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Children in bad health – 7.5%

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Disability living allowance (DLA) – 7.5%

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

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

Whilst we agree with the proportion, we would ask that further work is undertaken to ensure that those areas that have taken part in the pilot scheme of Personal Independence Payments (PIPs) are not disadvantaged and that those individuals in receipt of PIPs are factored in.

Question 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:

See below.

Question 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:

We welcome the proposal that no local authority will lose funding as a result of the formula.

As stated in our response to question 1, the limit of a 3% rise for those LAs that are most in need of an increase does, however, mean that it will take many years before fairness is achieved, and we would advocate that any opportunity is taken over the coming months and years to close this gap more quickly.

Question 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 link between the high needs funding consultation and the consultation on the schools national funding formula is critical. With over half of LAs potentially losing as a result of the schools formula, the pressure on schools budgets will become intense, and it will become more likely that schools will wish to compensate by moving funds from the high needs budgets, or cutting support costs which will affect children with SEN and disabilities within schools.

Schools should be supported and encouraged to meet the needs of children with SEN and disabilities through an expectation that a proportion of the schools block, and individual schools budgets, is allocated to their support needs, and a subsequent allowance made to account for this group in the monitoring of performance and attainment data.

We agree strongly with the sentiment in paragraph 4.14, that budget flexibility is "used with care, and in the context of the local strategic review"

However, we believe that the suggestion in paragraph 4.13 that LAs could transfer funds from schools to their high needs budget, following agreement of a majority of primary

schools, secondary schools and academies, is unlikely to take place in practice. Given the budget pressures on schools, it is extremely unlikely that this consensus and pooled resource will occur. It is more likely that any transfer of funding is likely to pass the other way, particularly with decision making the responsibility of a group that has a vested interest in schools.

With decisions currently made by the schools forum – an unrepresentative body that has little or no knowledge of the needs of the older group of young people / young adults, the main issue for post-16 and post-19 education is that there is no protection for this older age group *within* the high needs budget, regardless of the balance of transfers between the high needs block and schools block. Post-16 and post-19 students are likely to be heavily disadvantaged.

It is essential that the schools forum is disbanded, or significantly re-shaped and re-named so that it can become a strategic planning body that includes full and proportionate representation from the wide range of providers, with Section 41 providers given the same rights as maintained schools and academies.

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?

We are developing our proposals on the level of flexibility to allow in the longer term. We will consult fully on our proposals at a later stage, but would welcome any initial comments now.

Answer:

We suggest that this is partly dependent on the outcome of the schools funding formula consultation.

Question 8. Are there further considerations we should be taking into account about the proposed high needs national funding formula?

We would like to comment specifically on Chapter 4 (paras 4.17 onwards) relating to strategic reviews and roles of providers.

Firstly, we strongly agree with the sentiment expressed in paragraph 4.17 that “responsibilities are discharged most effectively when there is a strong partnership between the local authority and education providers...and a shared understanding of where different types of need are best met.” However, it is essential that this partnership and shared understanding includes all providers in receipt of public funding, not just maintained schools and academies. This becomes even more pertinent for further education - the weakest section in most Local Offers is that relating to post-16 options, which often have limited information on the full range of providers, very little guidance about the move from school into post-16 provision, and still less about what is available 19+, where further learning can help young people continue to make progress towards achieving the education and training outcomes in their EHCPs. Ofsted and CQC inspections of local areas have reflected the shortage of information provided by LAs in relation to this sector, a weakness that was also picked up in the March 2016 Ofsted thematic report, “Moving Forward?”

We welcome the reminder to LAs (in paragraphs 4.22 and 4.23) that any strategic review must include the full range of providers including those outside the local area and relevant regional and national specialist provision. However, the outcomes of strategic reviews noted in para 4.26 (a strategic plan, more effective collaboration, and better value for money) need more comprehensive guidance, since these could be interpreted in several ways. Whilst we would agree with the principles of "efficient delivery", "better value for money", and "costs that are sustainable", the strategic plans should not become a means by which LAs justify further funding restrictions or capped fee levels to providers who have already experienced significant budget reductions. We believe that efficiencies can best be made by joint planning and LAs recognising in advance (and budgeting accordingly, or pooling resources regionally) that they will be commissioning places in local, regional or national specialist colleges. We would be keen to work with DfE and LAs on outcomes based commissioning and reviews that result in effective use of resources whilst also ensuring quality provision for young people.

The £23m additional funding for these strategic reviews should be used in a much more developmental manner, to foster greater working relationships and more effective collaboration between LAs and providers. It could also be used to identify and share best practice. We suggest that LAs should be required to use a proportion of the funding for a) a focus on post-16 and post 19 provision and b) cross-border working with regional and national specialist providers. Natspec would be pleased to support LAs with these reviews by providing information on how specialist providers operating regionally or nationally can play an effective part in meeting the needs of specific young people from local areas, particularly those with low incidence or high complexity SEN.

It is important that LAs are instructed more directly by the DfE that "more effective collaboration by local authorities" and "more standardised approaches to high needs top-up funding that facilitates better cost control and reductions in bureaucracy" should **not** involve the proliferation of a greater number of procurement frameworks or dynamic purchasing systems, which have proved to be inequitable, focus on costs rather than need, and involve huge bureaucratic burdens for a comparatively small number of placements. It would be most helpful if the department could provide some clear guidance on how the Public Contracts Regulations should operate, preferably by directing LAs to remove SEND placements from the PCR, or at the very least, ensure that they adopt equitable and light touch approaches.

We welcome the section on page 48 relating to collaboration, and we would like to be involved closely in the work to consider provision required to meet low incidence or high complexity SEN. It should also be remembered that the type of specialist provision required at a wider than local level might also relate to a particular vocational specialism for students with SEND - in the same way that land based, art and design, or other designated colleges fulfil a regional or sub-national role in the mainstream FE sector.

Natspec and individual member colleges would be pleased to support collaborative LA efforts to plan for this specialist provision, with the intended outcome that the place of specialist colleges in a mixed economy of provision needs to be understood and agreed by all:

- As part of the local offer, providing specialism and partnership with other providers, through jointly commissioned innovative study programmes.
- As regional or sub national specialists for a particular vocational area, working regionally with employers, contributing to closing the employment gap, and as key partners in the wider FE system.

- As national experts with high level specialism in a particular condition or impairment, not only providing high quality education and outcomes for those for whom it is the best placement, but also upskilling the wider sector.

We are also interested in the proposal to undertake further research (para 5.7). The Lenehan review of experiences and outcomes in residential special schools and colleges is already covering, in part, the “complex relationship between costs, provision and outcomes” (para 5.7a), and our response to this review highlights the importance of provision which is high quality and an active and positive choice for those for whom it will best meet needs. We firmly believe that “more needs to be done to protect and fund national and regional centres of specialist provision and expertise” (para 5.17 c), and would recommend that a relatively small percentage of the total High Needs budget (circa 3-4% for post-16) is reserved or created specifically for funding this specialist provision and expertise, wherever it is cited, in a similar way to the recent £215m fund announced for capital improvements. This would also be in line with other government policy relating to funding National Colleges in the mainstream sector.

Finally, we note that the detailed proposals for post-16 institutions are delayed. As we pointed out in our response to question 1, this should not be a reason for LAs to exclude post-16 and post-19 considerations in their planning, and we urge that proposals are brought forward as quickly as possible, to allow our members to plan ahead, with this planning taking place in partnership with LAs and as part of a holistic strategic review rather than as an addendum to a schools-focussed plan. LAs need to be aware that the cost of providing post-16 education and training, which includes access to real work-based learning and independence, will be different from traditional classroom based school provision. Effective preparation for work and life, ultimately reducing the longer term benefit costs for the government, requires a commitment and understanding of the true costs of providing education and training in the post-16 sector.

When the post-16 proposals are published, we ask that the proposal for SPIs to move to a flat rate of £10,000 per place is removed. As we pointed out in our stage 1 submission, currently SPIs receive approximately £11,000 for E1 and E2 because Element 1 is calculated on the basis of the post-16 national funding formula. Any change would result in further pressure on LA budgets if they had to cover the difference through Element 3. SPIs are not schools, they have a very different and less structured environment, which is important for making the move into adulthood. In college, young people may need support which is not only different from that received in school, but which has an intrinsically different purpose - to promote greater levels of independence and autonomy whilst continuing to make progress towards education and training outcomes. We therefore believe strongly that specialist colleges should continue to be treated as colleges rather than schools for funding purposes.

Your response has been submitted

Thank you for completing the consultation.

Your response ID is ANON-2CXQ-127K-3. Please have this ID available if you need to contact us about your response