

High needs national funding formula, stage 2

Response of the Association of School and College Leaders

- 1 The Association of School and College Leaders (ASCL) represents more than 18,500 education system leaders, heads, principals, deputies, vice-principals, assistant heads, business managers and other senior staff of state-funded and independent schools and colleges throughout the UK. ASCL members are responsible for the education of more than four million young people in more than 90 per cent of the secondary and tertiary phases, and in an increasing proportion of the primary phase. This places the association in a strong position to consider this issue from the viewpoint of the leaders of schools and colleges of all types.
- 2 ASCL welcomes the opportunity to contribute to the second stage of the high needs funding consultation. Local authorities (LAs) receive high needs funding on an historical basis that may not reflect actual current need. This means that they have hugely different levels of resource with which to meet complex needs.
- 3 We would broadly agree with the proposed principles for the funding system. The [ASCL Blueprint for a Self-Improving System](#) calls for an education system in which all children and young people achieve, and in which all educational establishments are funded sufficiently, sustainably and equitably. Our persuasive argument will always be for a formula distribution that enables equality of opportunity for every child and young person, however we would urge the government to be mindful that the call for equity must never detract from the need for sufficiency. Funding for high needs must be sufficient if it is to effectively support inclusion across the whole system.
- 4 The current system for distribution seems to bear little relation to actual need and has resulted in three quarters of local authorities moving money out of the schools block to support provision for children and young people up to the age of 25. Considering that the high needs block has been established for less than five years we think that this gives a very clear indication that the demand for specialist provision must be sufficiently funded via a distribution system that can more accurately reflect local need.
- 5 Research by Isos highlights the need for cross LA boundary consistency and sharing of good practise both in terms of actual provision and cost models. The import /export adjustment factor is welcomed as a measure to support local authorities who offer provision to a greater number of pupils (net) than are resident in their area, but we believe it would be far better to support the spread of good practice, replicate it and reduce the need for travelling long distances and funding residential care. We welcome the distribution of the £23 million grant to support local authority strategic planning and the £200 million SEND capital fund to move this forward.
- 6 The Children & Families Act 2014 includes that joint commissioning duties exist between education and health partners. However both anecdotal evidence and that [reported by Isos](#) indicate that this is not the norm. ASCL would strongly recommend that guidance is published that provides evidence of good practice and examples of effective joint funding. This guidance should be written to include and support both

education and health partners as an imperative step towards necessary system improvement.

With reference to your specific questions

Question 1

Fairness and stability - is the balance right?

- 7 Yes. ASCL supports the work of Isos and is pleased to see that the second stage consultation on high needs reflects, in part, their recommendations.

Question 2

Factors

Historic spend factor

- 8 We would agree that the proportion is about right. Any redistribution has the potential to cause turbulence and it is right that there should be stability during the transition period.

Basic entitlement:

- 9 At £4000 per pupil, we consider this to be set at generally the correct level.
- 10 We broadly agree with this entitlement and are supportive of its function as a proxy factor. It is ASCL's view that high needs funding should be allocated on a formula basis that correlates to SEND needs.
- 11 We believe that there needs to be some degree of flexibility in the system that allows for the needs of those pupils with particularly complex needs to be met. A basic entitlement across the whole age range will support the principles of transparency and predictability whilst providing flexibility to support need on an individual basis via the other formula factors.
- 12 This should be reviewed over time, against the ability of mainstream schools with resourced provision to meet the needs of these pupils within the total of £10 000 that will be available to them.

Question 3

Factor weightings

Population 50%

- 13 ASCL considers that a higher proportion should be allocated in this way.
- 14 [SFR29/2016](#) indicates that the proportion of pupils with an EHCP has remained reasonably constant for the last five years both nationally and at regional level. This factor would appear to be a better proxy for need than some others that rely on older and therefore less reliable data as indicators of need in a local population. For example health and disability and IDACI – covered later in this response.
- 15 The most common type of primary need is ASD, and this is increasing within the population of pupils with EHCP (24.5% 2015 – 25.9% 2016) whilst the proportion of pupils who have an EHCP remains constant across the total population at 2.8%.

FSM Eligibility 10%

- 16 We believe that this proportion is about right.
- 17 Pupils with SEN are more than twice as likely to be eligible for FSM as those without SEN [according to SFR29](#) and of those who have a statement of EHCP 31% are eligible for FSM.
- 18 FSM eligibility is included in the basket of factors proposed by Isos in its recommendations for [SEN funding](#).
- 19 There are concerns amongst the sector that the introduction of UIFSM has had a negative impact on the numbers of eligible pupils who are actually registered. Whilst the evidence is only anecdotal, if it were to be the case it would weaken the strength of FSM as a factor. If eligibility data could be sourced from HMRC instead of relying on actual claims we would consider that FSM eligibility be given a weighting >10%.
- 20 Eligibility criteria for FSM must be rebased following the introduction of Universal Credit. It is disappointing that this has not been done to coincide with this consultation given that proposals for its use as an indicator for deprivation are an intrinsic part of the discussion.

IDACI 10%

- 21 ASCL would propose that a lower proportion is allocated using this factor.
- 22 IDACI is reviewed and updated every five years. It is our view that this will cause turbulence and conflicts with the transparency, predictability and stability that the formula aims to support. The factors should be chosen to reflect and respond to change in a local population. [The Isos report](#) recommends the use of HMRC Child Poverty data as a better source to inform area based deprivation. HMRC Child Poverty data is updated annually. We would support the Isos recommendation.

KS2 Low attainment 7.5%

- 23 ASCL considers the proportion allocated through this factor is about right.
- 24 Although we broadly agree with this factor weighting we think that it should be kept under review. The system is undergoing an unprecedented level of curriculum change which impacts on all key stages. We would register a concern that utilising past low prior attainment (LPA) data may not adequately address the period of destabilisation and therefore system turbulence that will ensue. We would question whether the use of LPA data collected under the 'old' system can adequately and fairly inform funding levels required to meet the needs of pupils in the emerging system. We acknowledge that the proposals are probably the least-worst proxy at this time.

KS4 Low attainment 7.5%

- 25 We broadly agree with this factor weighting but think that it should be kept under review. (see paragraph 24 above)

Children in bad health 7.5%

- 26 On balance we consider that the proportion allocated to this factor could be reduced.

- 27 ASCL supports the inclusion of health and disability factors in a national formula for distribution of high need funding however we would urge the government to re consider using this particular factor at all, or at least to consider reducing its weighting within the formula.
- 28 The formula proposals are based on historic data (2011 population census) that we think also carries with it a weakness as a self-reported measure.

DLA 0-15 7.5%

- 29 ASCL support the use of DLA as a factor and considers the proportion about right. Data is available at local level and eligibility is not affected by employment status or means.

Question 4 The principle of a funding floor

- 30 We would support the principle of using a funding floor as a protection methodology. In order to support the guiding principles that underpin these proposals it is imperative that the DfE is able to commit to fixed levels of protection for at least the first three to five years of the transitional phase and that these rates are available at the beginning of the transition period.

Question 5 No local authority will see a reduction in funding compared to their spending baseline

- 31 ASCL welcomes a commitment to ensuring that no local authority will see a reduction in their high needs funding in cash terms. That said we are unsure from the proposals as to exactly how long this protection will be in place and would welcome greater clarity on that.
- 32 We do have concerns, however , that protection in cash terms will be sufficient to meet the rising costs of provision that are related to inflationary pressures and increases in employer costs that will impact the sector . These include increases to employer pension costs and national insurance, the living wage and inflationary rises on non-pay costs. The complexity of needs in the sector mean that required pupil teacher and pupil adult ratios will manifest in significant cost pressures. According to [SFR21/2016](#) the pupil teacher ratio in state funded special schools is 6:1 and the pupil adult ratio is 2:0.

Question 6 Allow limited flexibility between the schools and high needs budgets in 2018-19

- 33 The schools and high needs blocks are inextricably linked and whilst we agree in principle that it may be right to continue to allow limited flexibility between the blocks we have concerns about how this can work in practice when the pressure on school budgets is already at, or approaching, unsustainable levels.
- 34 It is our view that high needs funding must be sufficient in its own right if it is effectively support inclusion across the whole system. Please see paragraphs 3 and 4 above.
- 35 If the provision for local flexibility continues we think it is right that schools together with local authorities and schools forum should be involved in making such decisions, however a system must be devised that considers the input of all schools in the

appropriate phase. Schools must be engaged in a timely manner that ensures outcomes can be implemented in a way that does not delay access to provision for those that need it. For example, it would not be acceptable for the decision making process to mean that pupils with complex needs were unable to access education for a significant portion of an academic year.

- 36 It would be unacceptable if the system could in any way support a perverse incentive such that a delayed decision manifested itself as a cost saving.

Question 7

Suggestions about the level of flexibility in 2019/20 and beyond

- 37 We look forward to more detailed consultation proposals on this issue.
- 38 We would recommend that DfE proposals on the level of flexibility should include a requirement for local consultations to evidence that cost models represent good value for money and replicate (where possible) efficient and effective provision, benchmarked against similar provision across the country.
- 39 I hope that this is of value to your consultation, ASCL is willing to be further consulted and to assist in any way that it can.

Martin Ward
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Association of School and College Leaders
22 March 2017