

High needs funding formula and other reforms

Response of the Association of School and College Leaders

A Introduction

- 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 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.
- 4 Our remarks are organised in sections as follows:
 - A Introduction**
 - B Distribution of high needs funding**
 - C Changes to the way high needs funding supports institutions**
 - D Specific questions**
 - E Conclusion**

B Distribution of high needs funding

- 5 ASCL agrees with the guiding principles in this proposal, but there are some reservations regarding the potential for unintended consequences that may emerge at stage two of the consultation.
- 6 It is our view that Special Educational Needs and Disability (SEND) should be funded on a formula basis that correlates to need. There should be equal and available access to needs-led provision across the country. ASCL generally agrees with the proposal to use the five blocks included in this proposal, but without any indication of the weightings that would be aligned to each factor it is not possible to determine if this methodology will adequately address aspects of the 'unfairness' that exists in the current system.

- 7 We would generally agree that local authorities are best placed to administer high needs funding according to their own local strategic plan and pattern of needs. However, given the weakened state that LAs may find themselves in as their roles and responsibilities for schools shrink, there might not be sufficient capacity and expertise in the system to do this effectively. This risk could be reduced by government investment in innovation and training that brings together sector professionals and facilitates the sharing of expertise.
- 8 ASCL would challenge, with caution, the proposals to ring fence and effectively segregate the blocks within the DSG. We are mindful of the perceived security that this would give the schools block in the current climate but we would urge the DfE to ensure that the need for stability and sustainability does not detract from the need to alleviate pressure on the High Needs block and its ability to react to changes in local need and the requirement to commit to support for young people up to the age of 25. Our concerns are that this proposal could lead to:
- fragmentation of budgets as the links between the blocks become diminished,
 - a risk of young people's needs not being met if the blocks are ring fenced and local authorities' capacity to manage funding issues is reduced by their weakened position in the system,
 - creation (or exaggeration) of a disincentive to mainstream schools to be inclusive – a possible outcome of ring fencing the blocks could be a squeeze on top-up funding that flows into mainstream.
- 9 It would be useful if stage two of the consultation could include a national picture that shows the flow of funding between blocks and the variance in levels of top-up funding that currently exist.
- 10 It could be argued that ring fencing the blocks is merely moving the problem of insufficiency from local to national level.

C Changes to the way high needs funding supports institutions

- 11 ASCL supports most of the Isos proposals, but we would not support removal of the notional SEN budget *per se*. Rather, it would be better for there to be a greater steer over the factors that should be deemed as contributing to the notional SEN budget. We would urge the DfE to consider that aligning notional SEN factors nationally, which would strengthen accountability for SEND in mainstream in an efficient and cost effective way to underpin what most schools already do with regard to inclusion. Schools should not be subject to detailed direction on how to meet the needs of their pupils with SEND; but a consistent approach to deriving the notional SEN budget, that is formula led, would support resource planning.
- 12 There are examples of excellent practice in SEND and it is our view that greater collaboration could inspire and shape the sector whilst improving outcomes for our young people: this would support this government's commitment to Educational Excellence Everywhere. We support the Isos proposal number 17 in this regard.
- 13 It is ASCL's view that during the period of protected transition to a new formula for high needs funding distribution, a dedicated research project (building on the work already undertaken by Isos) should be undertaken that seeks out good practice both in terms of outcomes for young people and financial efficiency. Such a strategic approach would enable the system of collaboration to evolve without risking curtailment of support programmes that are already in place, especially for those with the most complex needs.

- 14 Greater consistency in planning and commissioning of places would promote collaborative working both cross border and between agencies. In particular, greater cohesion should be encouraged between education and health budgets. We fully support Isos proposal 16 in this regard. We think this may be a barrier to efficiency in the system. If the DfE believe this not to be the case then at the very least we would call for greater clarity and transparency on this matter at local authority level.
- 15 We would question whether sufficient consideration has been given to the likely impact of personal budgets on the high needs funding system. The consultation document does not appear to address this. We acknowledge that currently there is little evidence to indicate what the impact might be, but as Education, Health and Care Plans (EHCPs) replace statements of SEN entirely (April 2018) we think it would be appropriate to assess the likely risk to the operation and effectiveness of the high needs funding formula distribution.

D Specific questions

Question 1 Do you agree with our proposed principles for the funding system? YES

- 16 We agree with the guiding principles and await assurance from stage two of this consultation that they are underpinned by sufficiency, sustainability and equity. And see paragraphs 3, 5 and 6 above.

Question 2 Do you agree that the majority of high needs funding should be distributed to local authorities rather than directly to schools and other institutions? YES

- 17 We agree that having more than one organisation with responsibility for distribution of funds from the same block of funding is potentially inefficient. And see paragraph 7 above.

Question 3 Do you agree that the high needs formula should be based on proxy measures of need, not the assessed needs of children and young people? YES

- 18 It is ASCL's view that high needs funding should be allocated on a formula basis that correlates to SEND needs, in combination with place funding for specialist and alternative provision. However 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. And see paragraph 6 above.

Question 4 Do you agree with the basic factors proposed for a new high needs formula to distribute funding to local authorities? YES

- 19 We consider that the high needs block formula should definitely include pupil numbers, deprivation and prior attainment. We would support the Isos recommendation to include disability and health.
- 20 With regard to FSM as a proxy indicator for deprivation it is not clear what impact the introduction and commitment to continue funding UIFSM for children in key stage one will have on numbers of eligible children registering for FSM.
- 21 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.

- 22 Issues regarding the effectiveness of IDACI as composite indicator for deprivation are exacerbated by the cycle of review of the dataset (every 5 years). This causes turbulence in the system and does not support the principles of transparency and predictability.

Question 5 We are not proposing to make any changes to the distribution of funding for hospital education, but welcome views as we continue working with representatives of this sector on the way forward. AGREED

- 23 We would tend to agree with this proposal, on the presumption that the current model can be evidenced as efficient and effective and that pupils in hospital education have access to a high quality of education regardless of where they are in hospital. There is a concern that, as with other areas of high needs funding, a distribution based on historic spend does not reflect the provision and support that is needed now.

Question 6 Which methodology for the area cost adjustment do you support?

- 24 ASCL supports the hybrid modification model, as it reflects differences in staffing proportions.

Question 7 Do you agree that we should include a proportion of 2016-17 spending in the formula allocations of funding for high needs? YES

- 25 It is essential to reduce the risk of disruption to programmes of support already in place. We would agree that, theoretically, incorporating planned spend as a factor would support this and provide some assurance to local authorities, providers and families. However there is not enough detail in the consultation to determine how effective this will be in real terms during the first 5 years of transition. We accept that information gathering on planned expenditure is taking place alongside stage one of the consultation and look forward to being able to comment again on this, once we are better informed.

Question 8 Do you agree with our proposal to protect local authorities' high needs funding through an overall minimum funding guarantee? YES

- 26 We would support the principle of using a minimum funding guarantee 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 MFG for at least the first five years of the transitional phase and that these rates are available at the beginning of the transition period.

Question 9 Given the importance of schools' decisions about what kind of support is most appropriate for their pupils with SEN, working in partnership with parents, we welcome views on what should be covered in any national guidelines on what schools offer for their pupils with SEN and disabilities.

- 27 ASCL supports the Isos proposal number 2 that clearer national guidance would sharpen the focus and expectation of what schools should offer. We do not think that this guidance should be over prescriptive, but rather that it might be the catalyst for collaboration and sharing good practice. And see paragraphs 11-13 above.

Question 10 We are proposing that mainstream schools with special units receive per pupil amounts based on a pupil count that includes pupils in the units, plus funding of £6,000 for each of the places in the unit; rather than £10,000 per place. Do you agree with the proposed change to the funding of special units in mainstream schools? NO

- 28 We do not support this proposal. There can be temporary fluctuations in the number of places filled and we think that this will give rise to additional pressures on staffing expenditure at a time when school budgets are already buckling under the pressures of unfunded increases in employer costs. Specialist staff must be retained to run special units. For example consider a fluctuation of two places and the loss of say £8K (2 x the per pupil amount); two places unfilled for the majority of the academic year represents around 15% of a teacher's salary costs. The proposal also makes the presumption that the basic per pupil unit of funding is £4000 at any key stage.

Question 11 We therefore welcome, in response to this consultation, examples of local authorities that are using centrally retained funding in a strategic way to overcome barriers to integration and inclusion. We would be particularly interested in examples of where this funding has been allocated on an "invest-to-save" basis, achieving reductions in high needs spending over the longer term. We would like to publish any good examples received.

- 29 Local authorities themselves are best placed to respond to this question.

Question 12 We welcome examples of where centrally retained funding is used to support schools that are particularly inclusive and have a high proportion of pupils with particular types of SEN, or a disproportionate number of pupils with high needs.

- 30 Please see paragraph 12 above.

Question 13 Do you agree that independent special schools should be given the opportunity to receive place funding directly from the EFA with the balance in the form of top-up funding from local authorities? YES

- 31 Having more than one organisation with responsibility for distribution of funds from the same block of funding is potentially inefficient. And see paragraph 7 above.
- 32 Consistency in the process that distributes funding to support children and young people with high needs will improve the efficiency and effectiveness with which funds are targeted to support need regardless of which type of education setting is deemed most appropriate for a learner.
- 33 We would recommend that, in the interests of transparency, where and how many high needs places have been funded is accessible to all.

Question 14 We welcome views on the outline and principles of the proposed changes to post-16 place funding (noting that the intended approach for post-16 mainstream institutions which have smaller proportions or numbers of students with high needs, differs from the approach for those with larger proportions or numbers), and on how specialist provision in FE colleges might be identified and designated.

- 34 We agree that the current differences that exist in post-16 place funding add further confusion to an already complex area of funding.

35 Given that the Children and Families Act 2014 confirms the general presumption that young people with SEN should be educated in mainstream provision unless they have an EHCP that specifies otherwise, we would tend to think that post-16 place funding should be at a consistent level related to the young person's need rather than the type of education setting that is deemed most appropriate for the learner. And we would recommend that it should be set at £10,000. That said we acknowledge the work that is currently being undertaken to add clarity to this debate (Paragraph 4.33 of the consultation document) and look forward to developing our response in stage two of the consultation.

E Conclusion

36 ASCL fully supports the use of proxy indicators as the basis of the proposals for a high needs formula. We think that this will mitigate the risk of perverse incentives that may be created by linking funding directly to individual need.

37 We are concerned by the potential unintended consequences that may follow from diminishing the links between the blocks within the dedicated schools grant. In our view this has the potential to work as a disincentive to inclusion. In order to avoid this the second stage of the consultation should clearly evidence the Government's commitment to sufficiency and adherence to the seven principles that underpin these reforms.

38 We are keen to see the emergence of national guidance about how schools and local authorities could support children and young people with SEND, clearer expectations on the outcomes of cross border and local collaboration and assurance that transitional arrangements will be adequate and predictable.

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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16 April 2016