



Report to Schools Forum

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Title: High Needs Block Update

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Recommendations: Schools Forum is asked to note the report and agree the Buckinghamshire response to the DfE consultation on the high needs National Funding Formula (NFF).

1. Purpose of the Report

1.1. This report updates the Schools Forum Funding Group on key activities that impact on the High Needs Block in the financial year 2021-22 and future years. The activities detailed in the report are:

- a) Update on the proposed allocation of top-up funding for special schools in 2021-22.
- b) DfE consultation on the allocation of high needs funding in 2022-23.

1.2. Note that the current financial forecast for the high needs block is included in the revenue budget monitoring report elsewhere on this agenda. A report of the DSG Recovery Board is also a separate item on the agenda as this will be a standing agenda item going forwards.

2. Allocation of Top-Up Funding 2021-22

2.1. At the December meeting Schools Forum approved the methodology for the allocation of top-up funding to special schools in 2021-22. In order to enable the implementation of the proposed transitional arrangements Schools Forum also agreed for an application to be made to the DfE for a disapplication of the minimum funding guarantee (MFG) for special schools. This is necessary in order to implement phased reductions in school budgets where the banding of pupils indicates that funding in 2021-22 should be lower than in the current year.

- 2.2. An application was submitted to the DfE following that decision, including detail on the proposals, the consultation and decision-making process and the school by school impact. A number of discussions have now been held with officers within the DfE and further information provided to support the proposals. The proposals were to be put forward for Ministerial decision in early March and a verbal update will be provided at Schools Forum if a decision has been made.
- 2.3. The timetable for rollout of the banded funding model has been adjusted slightly. For special schools, the aim is still to commence this from April 2021. For ARPs and PRUs, this is now planned for April 2022, and for mainstream schools April 2023. This is in order to allow for specific support and improvement work to place that facilitates accurate banding, ensuring that funding is being allocated to children according to need, but also that the right provision is being put in place in order to meet those needs. The next moderations are planned with the ARPs and PRUs in June 2021, and these will be repeated in November 2021 as necessary.

3. Consultation on High Needs Funding 2022-23

- 3.1. The DfE has published a short [consultation](#) inviting local authorities in England, schools and colleges, other interested organisations and individuals to respond to specific proposals for a small number of changes to the national funding formula that will be used to allocate high needs funding to local authorities in the 2022-23 financial year. The DfE is also seeking views on some of the longer term changes to the formula that could be considered in future.
- 3.2. The consultation seeks views specifically about the way that high needs funding is allocated through the national funding formula in 2022-23, rather than about the overall level of funding. The outcomes of the wider reviews of the SEND system and AP arrangements are scheduled to be reported in the spring of 2021 and these reviews are likely to have impacts on the way in which funding is allocated in the longer term. This will be the subject of future consultations once the outcomes of the various reviews are published.
- 3.3. Key elements being consulted on are:

How to use historic levels of spend in the funding formula

- 3.4. The National Funding Formula (NFF) for high needs includes an element of historic spend as it was recognised when the formula was introduced in 2018-19 that to move to a fully formulaic approach would cause significant changes to funding at individual local authority level and that local authorities would not be able to make changes to provision quickly enough to adapt to changes in funding. The DfE is reviewing how the historic spend element should continue to be used in the high needs NFF

- 3.5. The historic spend element is based on 50% of budgeted spend in 2017-18. The first proposal in the consultation is that there is a change to using actual spend in 2017-18 rather than budgeted spend as this would give a better baseline as many authorities were spending in excess of the budgeted amount.
- 3.6. Because the historic element has been set for a number of years, and overall high needs funding has increased, the historic spend element of the formula now represents a much lower proportion of the overall high needs NFF allocations than it would have done previously. The overall proportion of funding allocated through this factor has reduced considerably, down by 10 percentage points from 44% of funding in 2018-19 to 34% in the 2021-22 formula. The consultation therefore considers whether the proportion of 2017-18 actual spend that is used in the formula should be increased. As an illustration, if the percentage of actual expenditure had been set at 60% of 2017-18 spending levels, the historic spend factor would have made up 40% of the overall 2021-22 formula rather than 34%.
- 3.7. Finally, the DfE is considering whether there are alternatives to the use of a historic spend factor. Whilst any changes to this would not be made until the 2023-24 financial year at the earliest, the consultation seeks initial views on both the extent to which the funding formula should reflect the local demand for and pattern of SEND and AP provision, and the factors that could be used.

Attainment Data used in the Formula

- 3.8. Low attainment at the end of key stages 2 and 4 are used as two of the group of proxy indicators of SEND in the NFF. The formula calculation uses attainment data for pupils living in each local authority area, from the most recent 5 years of key stage 2 tests and GCSE exams (e.g. 2015 to 2019 test and exam results have been used in the formula for the 2021-22 allocations). For the 2022-23 funding formula there will be no 2020 key stage 2 test data, or GCSE exam results that would be appropriate to use for this purpose, because of the disruption caused by the pandemic.
- 3.9. The DfE is seeking views on the proposal to update the series using 5 years' data from 2016, and to substitute the most recent 2019 data in place of the missing 2020 attainment data.

Effective proxies for SEND and AP in the formula

- 3.10. The high needs NFF uses a number of proxies for SEND and Alternative Provision (AP) to allocate funding. Currently these are measures of prior attainment (detailed above), deprivation (Free School Meals and IDACI data), and indicators of child health (children receiving Disability Living Allowance (DLA) and children in bad health, which is a measure from the national census).

3.11. The DfE is seeking views on how they could improve the proxy factors within the high needs national funding formula. This will then inform thinking on potential changes to the high needs national funding formula for 2023-24 onwards.

3.12. The deadline for responses to this consultation is 24th March. A draft response is attached as Appendix 1 to this report for consideration by Schools Forum.

