



Report to: Schools Forum

Date of Meeting(s): 18th March 2021

Subject: High Needs National Funding Formula (NFF) Consultation

Report of: Colette Dutton – Director Children and Families

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Summary: To provide information on the DfE’s consultation on changes to the High Needs NFF.

Recommendation(s): Forum members are to note the information included within the report.

Implications:

*What are the **financial** implications?* Included within the report

*What are the **staffing** implications?* N/A

Risks: n/a

Please list any appendices:-

Appendix 1 – High Needs NFF Consultation Document

1. Introduction

- 1.1 On 10th February, the DfE launched a 6-week consultation on some proposed minor changes to the High Needs National Funding Formula (NFF). The consultation forms the first stage of a longer-term review of the High Needs NFF. This review will be taken forward following the SEND review.
- 1.2 The purpose of this report is to provide forum members with a summary of the proposed changes within this initial consultation.

2. Consultation Proposals

- 2.1 The consultation seeks views on proposed changes to two specific factors of the formula, with changes being implemented in 2022-23.
- 2.2 **Historic Spend Factor:** In the 2018-19 formula, and the formulae for subsequent years, the ESFA calculated a 'historic spend' lump sum element based on 50% of each local authority's planned expenditure on high needs in 2017-18, as reported by the LA for the purpose of establishing a baseline.

The consultation proposes to use actual expenditure from 2017-18 going forward as a means of calculating the lump sum under this factor, in place of the planned expenditure from 2017-18. It is felt that this provides a better representation of past spending levels.

Under the proposed changes, Wigan would see a small increase in the value of funding received through this factor:

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor
Wigan	£27,444,000	£27,865,018	£12,527,873	£12,658,559

As the quantum of funding within the High Needs block has increased in recent years, the overall proportion of funding allocated through the historic spend factor has reduced from 44% in 2018-19 to 34% in 2021-22. Therefore, the DfE are also seeking views on whether it would be appropriate to increase the proportion of funding through this factor. One example provided would be to provide 60% of the historic spend baseline, rather than the current 50%.

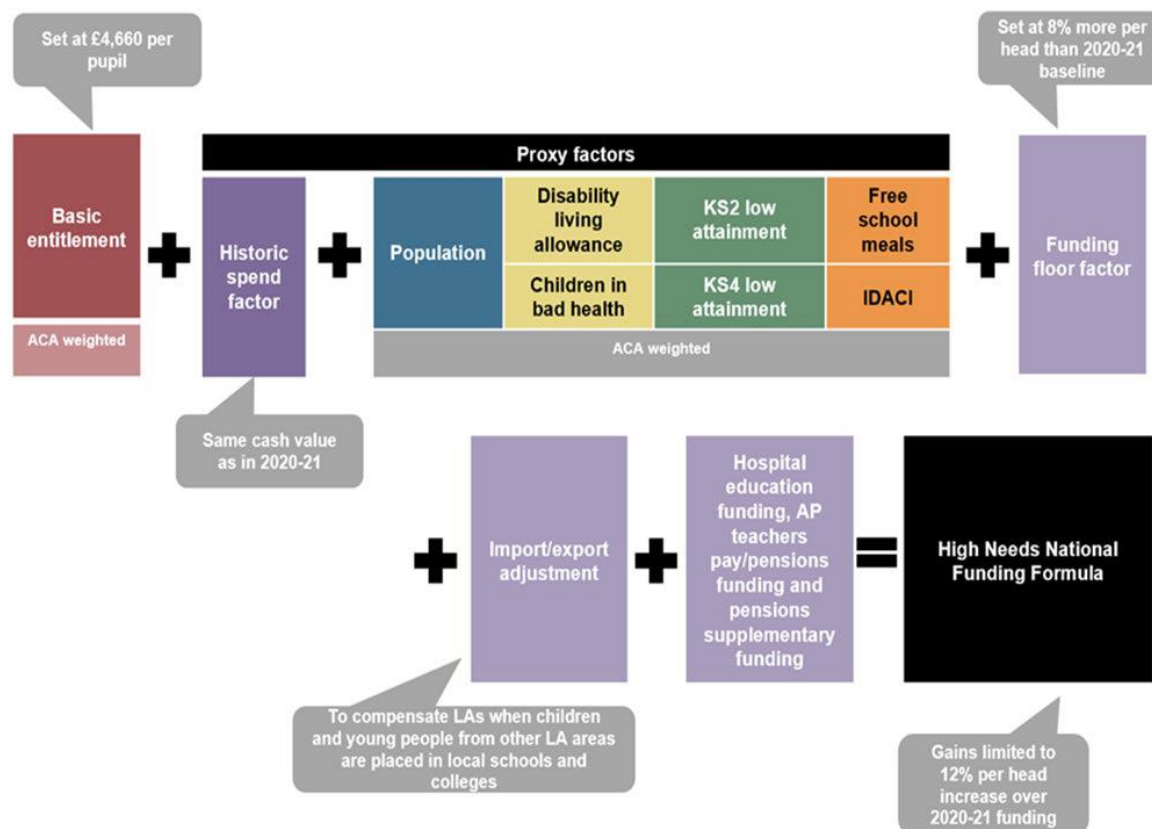
Furthermore, there is a recognition that using historic spend is not an ideal solution for reflecting local issues in funding arrangements. Therefore, the ESFA are looking to replace the historic spend factor over the longer term

with an alternative factor or factors, that better reflect local issues, and are able to be kept up to date. Any such changes are only likely to come into effect from 2023-24. At this stage, the DfE are seeking initial views on the extent to which the funding formula should reflect local demand for and pattern of SEND and AP provision and the factors that may be used for this.

2.3 Low Attainment Proxy Factors: The formula uses low attainment at the end of key stages 2 and 4 as two of the group of proxy indicators of SEND in the national funding formula. 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. For the 2022-23 funding formula the DfE will not have 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.

In view of the absence of this data the DfE propose 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. The consultation is seeking views on this proposal.

2.4 Lastly, the consultation is also seeking initial views on the proxy factors for SEND currently used within the formula and their application to inform thinking around the formula in future years. A copy of the full consultation document is included at Appendix 1. The proxy factors currently used are highlighted in the diagram below which sets out the High Needs NFF:



3. Recommendations

- 3.1 For forum members to note the information in relation to the consultation and to provide feedback on the proposals.