



Report to: Schools Forum
Date of Meeting(s): 28 November 2019
Subject: High Needs Funding
Report of: James Winterbottom – Director Children and Families
Contact Officer: John McDonald Strategic Finance Manager
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Summary: To provide details of the High Needs Funding Formula and Allocations

Recommendation(s): None.

Implications:

*What are the **financial** implications?* n/a

*What are the **staffing** implications?* TBC

Risks: n/a

Please list any appendices:-

Appendix 1 – Extract from Schools and Early Years Finance Regulations 2018

What is High Needs Funding?

High needs funding is provided to local authorities through the high needs block of the dedicated schools grant (DSG). Local authorities must spend that funding in line with the associated conditions of grant, and School and Early Years Finance (England) (No. 2) Regulations 2018. High needs funding is also provided directly to some institutions by the Education and Skills Funding Agency (ESFA). High needs block allocations are calculated through the high needs national funding formula.

Local authorities decide how much to set aside in their high needs budget for place and top-up funding given to institutions, central high needs services (which may be devolved to schools or other institutions and funded through a service level agreement) and other aspects of provision related to SEND and AP as permitted by the School and Early Years Finance (England) (No.2) Regulations 2018. (Appendix 1)

High needs funding formula factors (National Formula)

There are 12 elements to the formula on which local authority high needs block allocations are calculated.

Funding factor Description and factor information

a. Basic entitlement factor

The factor allocates funding on the basis of data on the pupil and student numbers in special schools and special post-16 institutions.

The funding rate is £4,000 per pupil or student and is subject to an area cost adjustment.

b. Historic spend factor

This factor is based on the local authority baselines published in August 2017. A weighting of 50% was then applied to give the final figure for the formula.

c. Proxy factors:

The remaining high needs funding, after deducting the basic entitlement factor funding, hospital education factor and historic spend factors, is then available for the proxy factors, listed below:

1. Population factor
2. Free school meals (FSM) factor
3. Income deprivation affecting children index (IDACI) factor
4. Bad health factor
5. Disability factor
6. Key stage 2 low attainment factor
7. Key stage 4 low attainment factor

Weightings are assigned to determine how much of the remaining amount is allocated through each of the proxy factors. The weightings are applied separately for SEN (90% of funding) and AP (10% of funding), then combined.

d. Funding floor factor

This ensures local authorities do not fall below a minimum level of funding. The factor is applied to the funding calculated through historic spend factor and proxy factors. There are two elements:

- a per head floor ensuring relevant elements of the funding increase on a per head basis from the 2017 to 2018 baseline year by at least 1% in 2019 to 2020, based on the ONS estimated population of 2 to 18-year olds
- an absolute floor ensuring funding does not drop below the 2017 to 2018 baseline. This prevents local authorities with a shrinking population receiving an allocation of less than their 2017 to 2018 baseline

e. Hospital education factor

The published provisional local authority allocations for 2019 to 2020 include a hospital education factor equivalent to local authority planned spending in 2017-18 plus a 1.0% uplift.

f. Import/export adjustment

The majority of the high needs national funding formula is designed to allocate funding to local authorities for the needs of the children and young people who live in the local authority's area, regardless of where they are educated. However, we recognise that local authorities face higher costs if they attract more pupils and students with high needs who live outside the local authority area into their schools and colleges (counted as 'imports' in the formula calculation), for example because they are expected to pay for the costs of high needs places in schools and colleges in their area.

Conversely, authorities that 'export' pupils and students to other local authority places face lower costs. We have therefore included an import/export adjustment in the funding formula that reflects the movement of high needs pupils and students between local authorities, where they live in one authority and attend a school or college in another.

Gains under the formula: the limit on gains will increase to 6.09% compared to 2017 to 2018 baselines. We have used compounded figures so that underfunded local authorities can gain a further 3% on top of the 3% gained in 2018 to 2019.

The initial allocation for Wigan for 2019/20 was

(A) Basic entitlement factor (10%)	£2.9m	
(B) Historic spend factor (41%)	£12.5m	
(C) Population factor (25%)	£7.6m	
(D) FSM factor (5%)	£1.6m	
(E) IDACI factor (5%)	£1.7m	
(F) Bad health factor (4%)	£1.1m	
(G) Disability factor (4%)	£1.2m	
(H) KS2 low attainment factor (3%)	£0.9m	
(I) KS4 low attainment factor (3%)	£1m	
(J) Funding floor factor (0%)	£0	
(K) Hospital education funding (0%)	£0.030m	
(L) Import/export adjustment (provisional) (-1.8%)		(£0.564m)
2019-20 high needs NFF provisional allocation before gains cap	£30.1m	
after calculation of gain on 2017-18		£29.1m

In 2019/20 the government allocated additional funding to the High Needs Block this equated to £710,000 for Wigan.

The total funding for the high needs block was £29.8m for 2019/20.

Budget Setting Process

In January a report is submitted to Schools Forum* with a proposed allocation of the budget. The table below sets out the budget allocation

*All reports and minutes to Schools Forum are available from the website. There is a representative from one of the special schools and Post 16

Cost Centre & Description	2019/20 Budget Projections
Maintained Special Schools	15,840,854
Post 16 Funding Top Ups	3,000,000
EHC plan support in schools	2,900,000
Independent School Provision	2,100,000
Other Support Services	795,027
Alternative Provision	1,112,350
Sensory Support Team	840,463
Targeted Educational Support	670,905
Resourced Provision	192,925
Disproportionate SEN	150,000
Equipment **	70,000
Engagement Centres	0
Recharge for Deficit	800,000
Contributions/Income	- 1,175,000
Total Funding	27,297,524

** The engagement centres for 19/20 are wholly funded from a contribution from the council and charges to schools.

The latest 19/20 position is a projected overspend of £3m against the budget. This will be carried forward against the Dedicated Schools Grant. Schools Forum with the LA will be required to produce a detailed financial plan (deficit recovery) to address the adverse financial position if above 1% of the cumulative DSG.

Maintained Special Schools are funding based on £10k per place and then a top up based on the type of school and needs of pupils. It is not on an individual basis as we have over 800 children accessing our special schools. A school will be allocated a % of funding based on numbers across 1 or more bandings.

Band AD (Autism)	£14,876
Band B (Profound and Multiple Learning Difficulties)	£9,695
Band CN (Complex Needs)	£6,025
Band ED Level 1 SEMH	£9,496
Band ED Level 2 SEMH	£13,770

Post 16 Funding differs depending on the institution as some funding is awarded direct via the 16-19 national funding formula (for FE institutions). These organisations are then awarded place funding at £6k per place and then top up if required. Top up is awarded on an individual basis

EHC plans are funding on a banding system dependent on need and based on hours of TA support from

Band	Value	Support
HB02	£1,210	17 hours support to student by TA - first 15 hrs are funded by school
HB05	£2,240	20 hours support to student by TA - first 15 hrs are funded by school
HB07	£3,064	22 hours support to student by TA - first 15 hrs are funded by school
HB10	£4,300	25 hours support to student by TA - first 15 hrs are funded by school
HB13	£5,536	28 hours support to student by TA - first 15 hrs are funded by school
HB15	£6,360	30 hours support to student by TA - first 15 hrs are funded by school
HB17	£7,390	32 hours support to student by TA - first 15 hrs are funded by school

Independent School Provision costs are currently negotiated on an individual basis and can range from £20k -£100k for an academic year dependent on need

Support Services includes a contribution to the children's and family's directorate for SEND support.

Alternative Provision is primarily provided for by Three Towers and is funded at £10k per place plus the CN band totalling £16,025

Sensory Support and the TESS services is part funded from a contribution from the main Schools Block

Resourced provision is funded at £10k per place plus the CN band totalling £16,025

Disproportionate SEND is funded where a school has a disproportionate number of children on a plan compared to the average. The figures are based on £6k.

Income includes the top slice from schools to help fund spend within the High Needs block and charges to schools for exclusions

Appendix 1

PART 5 Children And Young People With High Needs

27. Expenditure in respect of pupils with special educational needs in primary and secondary schools, and children with special educational needs in relevant early years providers, and those being provided with community early years provision, excluding expenditure—

(a) in respect of pupils in places which the authority has reserved for children with special educational needs; or

(b) where it would be reasonable to expect such expenditure to be met from a maintained school's budget share, the amount allocated to a relevant early years provider or the general annual grant paid to an academy by the Secretary of State.

28. Expenditure in respect of pupils—

(a) with special educational needs at special schools and special academies; or

(b) in places at primary or secondary schools which the authority has reserved for children with special educational needs,

where the expenditure cannot be met from the sum referred to in regulation 14(1) or 14(2) or where it would be unreasonable to expect such expenditure to be met from a maintained school's budget share or the general annual grant paid to an academy by the Secretary of State.

29. Expenditure in respect of persons provided with further education who are—

(a) aged under 19 and have special educational needs; or

(b) aged over 18 but under 25 and are subject to an EHC plan, and are not attending a maintained school, an Academy school, an alternative provision Academy, a non-maintained special school, or an independent school.

30. Expenditure on support services for children who have attained compulsory school age and for young people who are subject to an EHC plan or have a statement of special educational needs, and for such children and young people with special educational needs who do not have such a plan or statement.

31. Expenditure on services for children who have not attained compulsory school age and are subject to an EHC plan, and for such children with special educational needs who do not have such a plan.

32. Expenditure for the purposes of encouraging—

(a)collaboration between special schools and primary and secondary schools to enable children and young people with special educational needs to engage in activities at primary and secondary schools;

(b)the education of children and young people with special educational needs at primary and secondary schools; and

(c)the engagement of children and young people with special educational needs at primary and secondary schools in activities at the school with children and young people who do not have special educational needs,

in cases where the local authority considers it would be unreasonable for such expenditure to be met from a maintained school's budget share or the general annual grant paid to an academy by the Secretary of State.

33. Expenditure incurred in relation to education otherwise than at school under section 19 of the 1996 Act or in relation to a pupil referral unit, where the expenditure cannot be met from the sum referred to in regulation 14(3) and, in the case of an alternative provision academy, where it would be unreasonable to expect such expenditure to be met from the general annual grant paid to such an academy by the Secretary of State.

34. Expenditure on the payment of fees in respect of children and young people with special educational needs—

(a)at independent schools or at special schools which are not maintained by a local authority under section 63 of the 2014 Act; or

(b)at an institution outside England and Wales under section 320 of the 1996 Act or section 62 of the 2014 Act.

35. Expenditure on hospital education services, aside from expenditure on hospital education places referred to in regulation 14.

36. Expenditure on special schools and pupil referral units in financial difficulty.

37. Expenditure on costs in connection with private finance initiatives and the programme known as “Building Schools for the Future” at—

(a)maintained schools which provide secondary education falling within the description in section 2(2A) of the 1996 Act;

(b)special schools;

(c)special academies;

(d)pupil referral units;

(e) alternative provision academies; and

(f) 16 to 19 academies(77).

38. Expenditure on the purchase of CRC Energy Efficiency Scheme allowances operated by the Environment Agency for pupil referral units.

39. Expenditure on the provision of special medical support for individual children and young people in so far as such expenditure is not met by an NHS Trust, NHS foundation trust, Clinical Commissioning Group or Local Health Board.