



Department  
for Education

# **Analysis of and response to the high needs national funding formula consultation**

**September 2017**

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## Introduction

On 14 December 2016, we launched the second stage of our consultation on a national funding formula for high needs.

We asked nine questions on the following areas:

- Our overall approach to balancing fairness and stability in constructing the national funding formula for high needs
- The detailed formula weightings and values
- The arrangements for local flexibility between the schools and high needs budgets

This document forms part of the government's response to the second stage national funding formula consultation, and is in four parts. The first part briefly summarises our second stage consultation proposals. The second part describes the key themes expressed in the responses we received on these proposals and confirms our consequent conclusions. The third part is a detailed question-by-question analysis, which sets out the responses received and our decisions relating to each individual question. The fourth part is a list of major stakeholder organisations that gave responses to the consultation.

Full details on the final national funding formula for high needs can be found in the policy document on the national funding formula for schools and high needs.

# Part 1 - Summary of consultation proposals

## The high needs national funding formula

1.1 In the second stage of our consultation on a national funding formula for high needs, we confirmed we would be using 13 factors and adjustments in the formula, as set out in Figure 1.

**Figure 1: The building blocks and factors in the high needs national funding formula**

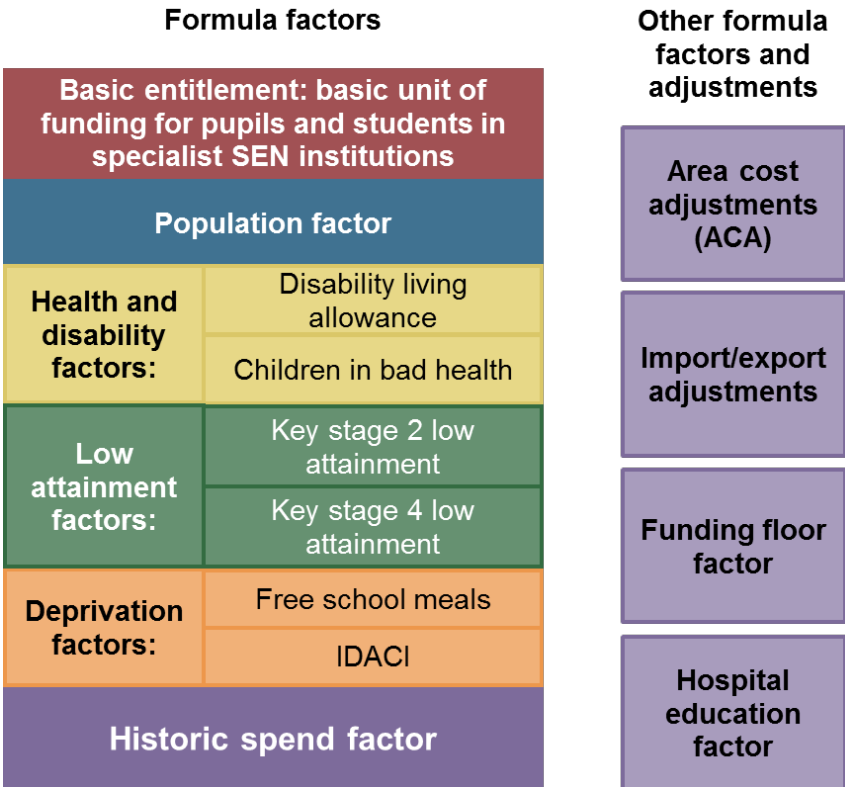


Figure 1 This diagram shows that the formula is comprised of the following: a basic entitlement; factors for population, health and disability, low attainment, deprivation (free school meals and the income deprivation affecting children index (IDACI) measures), historic spend, a funding floor and hospital education; and adjustments for area costs and imports/exports.

1.2 The key proposals for the national funding formula for high needs were:

- To recognise historic spending patterns through a lump sum equal to 50% of each local authority’s current spending on high needs
- To provide a flat rate of £4,000 per annum for each pupil in special schools or student in special post-16 institutions, ensuring local authorities receive a broadly equivalent basic level of funding for pupils with high needs in both mainstream schools and outside the mainstream sector.

- To channel the remainder of the funding through a number of proxy factors according to the following weightings – 2-18 population 50%; deprivation 20%; low attainment 15%, and health and disability 15%. Figure 2 summarises the proposed weightings and values as set out in our consultation, and the data to be used.

**Figure 2: the proxy factor weightings proposed for the national funding formula in the second stage of our consultation**

Formula factor	Proposed weightings			Data we used for illustrative allocations
	SEN (90%)	AP (10%)	Com-bined	
1. Population	50%	50%	50%	Latest population aged 2-18 projection for 2018 from the Office for National Statistics (ONS)
2. Deprivation				
a. Free school meals (FSM) eligibility	8.3%	25%	10%	Number of children eligible for FSM
b. Income deprivation affecting children index (IDACI)	8.3%	25%	10%	Number of children in bands A-F from 2014 ONS population estimates
3. Low attainment				
a. Key stage 2 (KS2) results	8.3%	0%	7.5%	Number of children not achieving level 3 or above in KS2 tests in 2011-15
b. Key stage 4 results	8.3%	0%	7.5%	Number of children not achieving 5+ A* to G GCSEs in 2011-15
4. Health and disability				
a. Children in bad health	8.3%	0%	7.5%	Number of children and young people declared as in bad or very bad health in the 2011 census
b. Disability living allowance (DLA)	8.3%	0%	7.5%	Number of children aged 0-15 for whom parents receive DLA

Figure 2 This diagram shows the proxy factor weightings proposed for the national funding formula in the second stage of our consultation

- To protect local authorities from reductions in high needs funding through the formula by means of a funding floor

1.3 We advised that the additional funding available over the next two years would enable local authorities to receive gains under the new funding formula of up to 3% per annum in 2018-19 and 2019-20.

## **Proposals for local budget flexibility**

1.4 Responses to the first consultation raised concerns about the proposal to ring fence the schools block within the dedicated schools grant (DSG), arguing that the separation of the schools and high needs blocks would have an adverse effect on schools' willingness to work in partnership and take collective responsibility for making special provision for children and young people with special educational needs (SEN) and disabilities.

1.5 We therefore proposed to allow limited local flexibility so that authorities would be able to transfer funding from schools to their high needs budgets, despite the operation of a ring fence around the schools funding block. We asked about a specific process that would operate in 2018-19, and asked for suggestions about the level of flexibility we should allow in subsequent years.

# Part 2 - Key findings from the consultation and our decisions

## Number of responses received

2.1 In total, there were 1,067 responses to the consultation on high needs funding. Parents made up the largest group of those who responded (32%) followed by school and college head teachers and principals (19%) and local authority representatives (13%).

Figure 3: Types of respondent to the stage 2 consultation

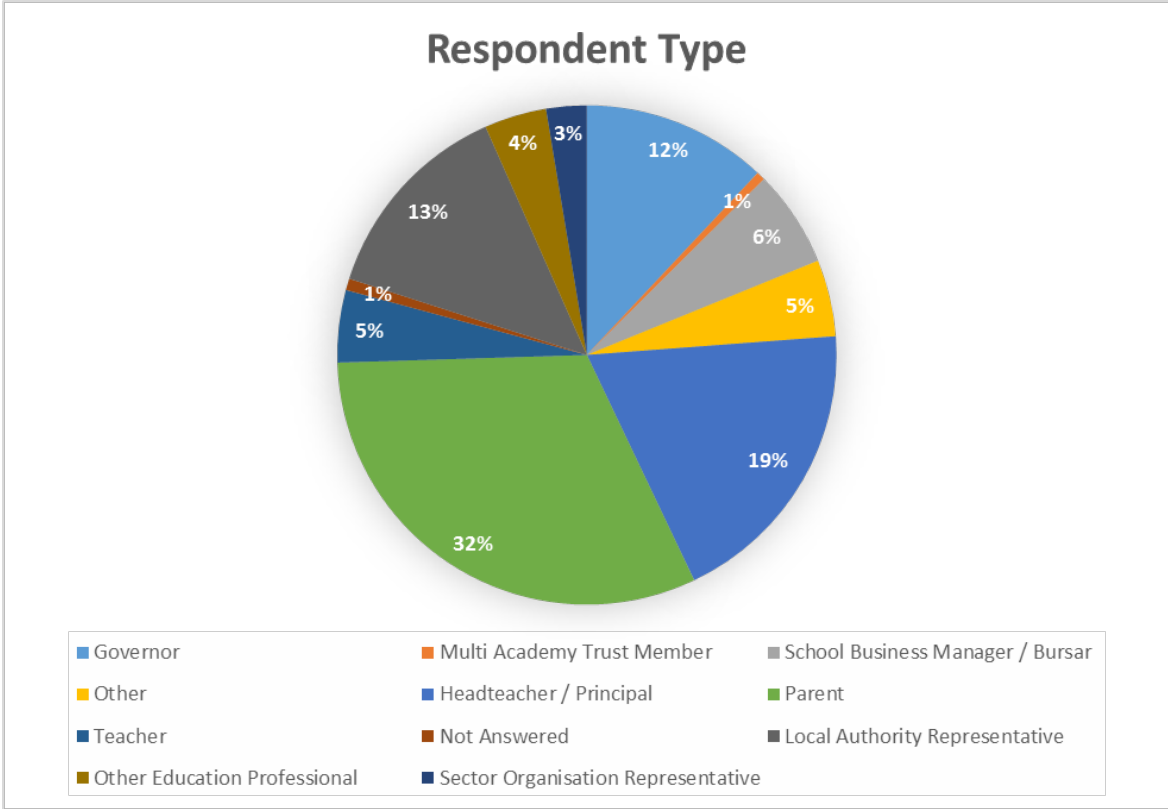


Figure 3 This chart shows the respondents to the stage 2 consultation by type

2.2 By region, the largest proportion of responses was from the North West, making up 29% of the total number, followed by London, which made up 16% of respondents. The large number of respondents within the North West were primarily campaigning about the overall levels of funding across the schools and high needs blocks.

**Figure 4: Number of respondents to the stage 2 consultation by region**

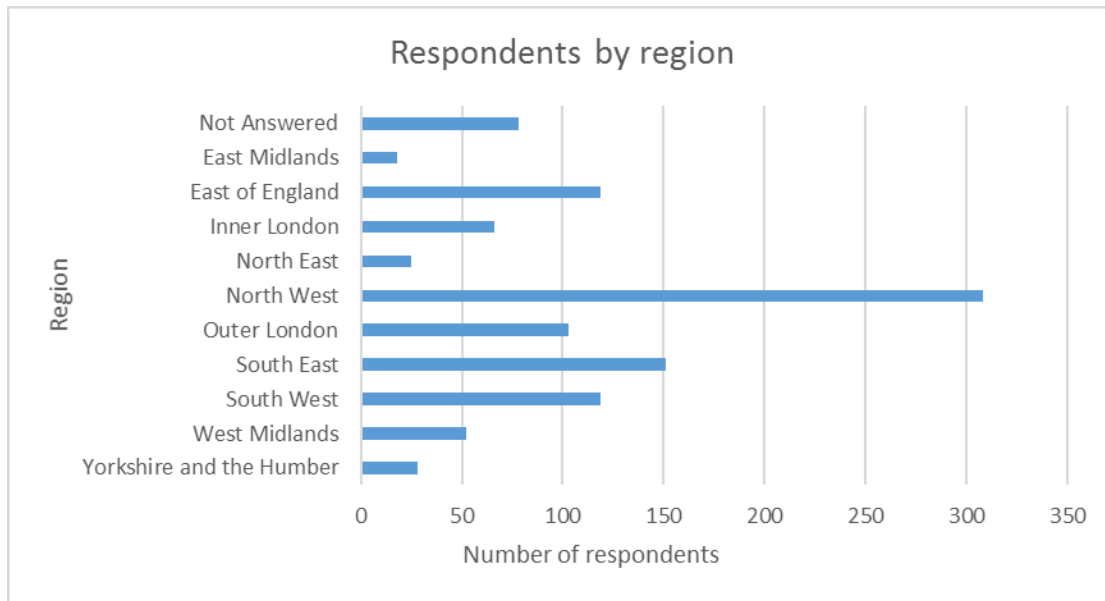


Figure 4 This chart shows the number of respondents to the stage 2 consultation, according to their region

2.3 A full list of the organisations that responded to the consultation can be found in part 4 of this document.

2.4 Throughout this document, the percentages are expressed as a proportion of all 1,067 respondents, so will not add up to 100% if respondents only answered a subset of questions. The percentages may not add up to 100% due to rounding as well. These percentages have not been weighted either to take account of responses from representative bodies, or where there were multiple identical responses (for example, from individual schools in the same area).

2.5 We have taken time to look carefully at responses from those individuals and organisations representing a significant number of others, and have where necessary held meetings and had further correspondence to make sure that we fully understand the views expressed.

2.6 Where campaigns involving a high number of identical or very similar responses have had a significant effect on the overall results of the consultation, this effect is noted in part 3. There were a number of campaigns throughout the consultation, covering a range of issues, particularly the overall levels of funding both for schools and for children and young people with high needs.

2.7 During the consultation period, ministers and officials from the department attended a wide range of conferences and events, and meetings with local authority officers. They also held numerous meetings with MPs, and met with major



stakeholders. As well as the findings from the online consultation, the discussion at these meetings and events has influenced the final decisions and, where relevant, this has been reflected in part 3.

## **Key themes**

2.8 Overall, respondents supported a number of the key proposals and much of the basic design of the formula. Detailed summaries of responses and decisions on each of the main proposals are set out in part 3. Information on the final national funding formula can be found in the policy document on the national funding formula for schools and high needs.

2.9 Several key themes were raised across several questions. These themes are summarised below.

## **Overall funding in the system**

2.10 The overall level of funding, both for schools and for children and young people with high needs, was a concern expressed by many in response to the consultation.

2.11 Many welcomed the proposal for a funding floor that would prevent local authorities from losing funding, but remained concerned about the extent of the high needs cost pressures and effect of a growing number of children and young people with high needs. Respondents cited the effect of overall population growth in some areas, and increasing numbers of students aged 16 to 25 with high needs.

2.12 We want to make sure that local authorities, schools, colleges and other institutions have sufficient resources to meet the needs of all their pupils and students, and particularly those with high needs. This is why, in July, we announced an additional £1.3 billion for schools and high needs across 2018-19 and 2019-20, in addition to the amounts in the 2015 Spending Review settlement.

2.13 Further information on how the additional funding will be distributed can be found in the policy document on the national funding formula for schools and high needs.

## **Local budget flexibility**

2.14 Although many mainstream schools welcomed the proposed ring fence around their funding, local authorities and organisations representing those with SEN and disabilities were concerned about the possible effect on their special provision. They

asked how authorities could manage their high needs budgets in the face of increasing cost pressures if they had no recourse to funds from their schools budget. They also pointed out the importance of engaging schools in the local debate about the pattern of special provision in an area, and the financial consequences of decisions about whether mainstream or specialist provision was appropriate for individual pupils and students with high needs.

2.15 We have carefully reviewed the arrangements for limiting local authorities' budget flexibility, and modified the original proposals. Instead of placing restrictions on increases to local high needs budgets from other funding sources, we intend to limit the proportion of the schools budget that can be transferred to other budgets. We acknowledge concerns about the practicality of securing schools' agreement, which is why, although schools forum approval will be required for transfers, there will not be a requirement that a majority of all schools also have to agree. More information is set out in part 3, with the detail of the arrangements set out in the schools revenue funding operational guide<sup>1</sup>.

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<sup>1</sup> Department for Education, [Schools revenue funding 2018 to 2019 operational guide](#), August 2017

# Part 3 – Question level analysis

## Question 1: Balance between fairness and stability

**In designing our high needs national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?**

	Total	Percentage
Yes	173	16%
No	866	81%
Not Answered	28	3%

### Summary of responses

3.1 Respondents commented most frequently on the total level of funding, including the funding available to schools through the schools national funding formula. There was concern that insufficient funding to meet growing cost pressures on local authorities' high needs budgets would create instability in the system and that this could result in risks to ensuring appropriate provision for children and young people.

3.2 Some respondents cited population growth in their area as an example of one of the factors generating cost pressures in the system. They were concerned that as the population grows there would be more pressure on the high needs budget and no extra funding to help local authorities manage that pressure.

3.3 Respondents also raised concerns about fairness, arguing that the historic spend factor should be removed or reduced as it had the effect of locking in levels of expenditure that could not be considered fair in comparison to the levels of spending in other areas.

### Government response

3.4 We recognise the importance of making sure that funding is sufficient, and are responding positively with extra funding, for high needs as well as schools, in 2018-19 and 2019-20. A proportion of the additional £1.3 billion that was announced in July will secure increases in the high needs funding for every local authority, including those that were not set to gain under the funding formula in the stage 2 consultation proposals.

3.5 The implementation of the high needs national funding formula will start to introduce more fairness into the funding of different areas. Incorporating into the formula a substantial proportion of funding relating to current spending levels is important for stability, but we see this as a transitional measure. As local authorities review with their schools, other providers and parents how best to make special provision for those in their area, and plan ahead for changes, there will be greater scope to reduce the weighting of this factor over time.

## Question 2: Historic spend and basic entitlement factors

Do you agree with the following proposals?

- **Historic spend factor** - To allocate to each local authority a sum equal to 50% of its planned spending baseline
- **Basic entitlement** - To allocate to each local authority £4,000 per pupil

Historic spend	Total	Percentage
Allocate a lower proportion	259	24%
The proportion is about right	271	25%
Allocate a higher proportion	394	37%
Not answered	143	13%

Basic entitlement	Total	Percentage
Allocate a lower amount	8	1%
This is about the right amount	343	32%
Allocate a higher amount	580	54%
Not answered	136	13%

### Summary of responses

3.6 Overall, there was reasonable support for the core proposals on the historic spend and basic entitlement factors.

3.7 There were several reasons that respondents argued for a different approach on the historic spend factor. Some respondents argued that funding should be based more on levels of current need than on historic spending levels, proposing a lower proportion. Others thought that this factor was unnecessary in view of the funding floor factor, as it would give some local authorities double protection and reduce the gains of others.

3.8 There were opposing views, with some worried that any percentage less than 100% implied an unwelcome funding cut, and others concerned that the amount distributed to each local authority through this factor would remain as a flat cash amount, rather than rising in line with population growth.

3.9 Some respondents argued for the basic entitlement rate to be increased to £10,000 per pupil, whilst other respondents said the basic entitlement should be the same as the per-pupil funding in the schools national funding formula.

## **Government response**

### **Historic spend factor**

3.10 It is understandable that a majority of respondents to the question about the historic spend factor were concerned about the prospect of lower levels of funding implied by giving this a weighting of 50%. The protection and increase in funding we are providing through the funding floor factor, however, will ensure that local authorities do not face a reduction in funding because this factor is less than 100%.

3.11 Understanding the need for stability, we think this is an important factor for two main reasons. First, we acknowledge that local authorities may face legitimate costs that are not fully reflected by the proxy indicators of need used in the other formula factors. As we review the formula in future years, we will need to explore the extent to which this is the case, and whether there are any new proxy indicators that would target funding more effectively to where it is needed, enabling us to reduce this element of funding through the formula.

3.12 Second, we also acknowledge that some of the costs in the system have arisen because of past decisions that have established a pattern of special and alternative provision that may not be appropriate in the long-term future, but that would be difficult to change in the short term. Local authorities will need to consider the range of provision currently provided, whether this supply matches changing demand and provides good value for money. However, such changes will take time, as authorities review and develop their local offer, and decide carefully where to spend more and where to spend less. Furthermore, changes to provision across an area should primarily ensure that what is on offer is of good quality and suitable for those children and young people entering provision or reaching points of transition when decisions are made on the next phase of their education or other preparation for adulthood.

3.13 We have concluded that setting this factor at 50% of local authorities' current spending on high needs strikes the right balance.

## **Basic entitlement factor**

3.14 Although we understand why local authorities would want to be compensated through the basic entitlement factor for the full costs of the places they fund in special schools and other specialist provision, we remain firmly convinced that this would create a perverse incentive for local authorities to prefer placements in specialist as opposed to mainstream provision<sup>2</sup>. Pupils in mainstream schools will attract a basic amount per pupil through the national formula of around £3,000 in primary schools and around £4,000 in secondary schools<sup>3</sup>. Students aged 16 to 25 currently attract a basic entitlement of £4,000 through the national 16-19 formula.

3.15 We have therefore concluded that it would be best to retain the proposed rate of £4,000 per annum. As explained in the consultation, a standard amount for all age groups is preferable because it is simple, and is a contribution to the place funding that is passed to special schools and post-16 special institutions, rather than an amount that is passed directly through to them. The other funding that makes up the £10,000 place funding comes through the rest of the formula.

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<sup>2</sup> Under the Children and Families Act 2014 there is a presumption that all children and young people with SEN or who are disabled should receive their education in mainstream schools and colleges unless specialist provision is more suitable for meeting their needs.

<sup>3</sup> The schools national funding formula sets the age-weighted pupil unit values at £2,747 for key stages 1 and 2, £3,863 for key stage 3 and £4,386 for key stage 4.

### Question 3: Formula factor weightings

We propose to use the following weightings for each of the formula factors listed below, adding up to 100%. Do you agree?

<b>Population – 50%</b>	<b>Total</b>	<b>Percentage</b>
Allocate a lower proportion	109	10%
The proportion is about right	291	27%
Allocate a higher proportion	489	46%
Not answered	178	17%

<b>Free school meals – 10%</b>	<b>Total</b>	<b>Percentage</b>
Allocate a lower proportion	418	39%
The proportion is about right	273	26%
Allocate a higher proportion	217	20%
Not answered	159	15%

<b>IDACI – 10%</b>	<b>Total</b>	<b>Percentage</b>
Allocate a lower proportion	386	36%
The proportion is about right	245	23%
Allocate a higher proportion	268	25%
Not answered	168	16%

<b>KS2 attainment – 7.5%</b>	<b>Total</b>	<b>Percentage</b>
Allocate a lower proportion	347	32%
The proportion is about right	266	25%
Allocate a higher proportion	267	25%
Not answered	187	18%

<b>KS4 attainment – 7.5%</b>	<b>Total</b>	<b>Percentage</b>
Allocate a lower proportion	354	33%
The proportion is about right	254	24%
Allocate a higher proportion	256	24%
Not answered	203	19%

<b>Bad health – 7.5%</b>	<b>Total</b>	<b>Percentage</b>
Allocate a lower proportion	369	35%
The proportion is about right	276	26%
Allocate a higher proportion	228	21%
Not answered	194	18%

<b>Disability living allowance – 7.5%</b>	<b>Total</b>	<b>Percentage</b>
Allocate a lower proportion	352	33%
The proportion is about right	309	29%
Allocate a higher proportion	217	20%
Not answered	189	18%

## Summary of responses

3.16 There was reasonable support for the core proposals; and a consistent balance of those arguing for either more or less weight on individual factors, though with more respondents preferring greater weight on population rather than other proxy indicators of need.

### Population

3.17 Many respondents argued that population is much more reliable and a better estimate of need than the other proxy factors, reflecting the random occurrence of many of the high-level needs that exist in any given population. However, others argued that a population measure would not adequately reflect the range of needs, with some going as far to say that using only the other proxy indicators and no population indicator at all would ensure better targeting of funding.



## Other proxy factors

3.18 Respondents' comments on the other proxy factors repeated the concerns expressed in the first stage consultation:

- Doubts about the reliability of free school meals data – with some respondents arguing that we should use free school meals ever<sup>4</sup> and others favouring the income deprivation affecting children index (IDACI) measure over free school meals
- Calls for an early years or key stage 1 low attainment factor
- Concerns over how out-of-date the children in bad health census measure was, although many agreed that there was no obvious, better alternative.

3.19 Some respondents argued that there should be a proxy indicator for mental health within the formula.

## Government response

3.20 In our response to the first stage of the consultation on a high needs funding formula, we explained the rationale for using the various factors, despite the reservations that had been expressed about the reliability and appropriateness of some of the data. Responses to the second consultation have not changed our view that using population, in combination with a basket of measures relating to deprivation, low attainment and health and disability, is the right approach for introducing the national funding formula at this stage.

3.21 We are aware of the need to keep the formula factors under review, both so that we can be sure to reflect changing needs, and so that we can incorporate better data. We recognise, for example, the importance of making sure that young people with mental health issues are having their needs met, and will continue to explore how funding can best support the approach we take.

3.22 Overall, we heard no compelling arguments that would call for a change to the population and other proxy factor weightings and therefore we have left the percentages as proposed when we consulted in the stage 2 proposals.

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<sup>4</sup> This measure counts children eligible for free school meals at any point over the last six years.

## Question 4: Protection principle

Do you agree with the principle of protecting local authorities from reductions in funding as a result of this formula?

	Total	Percentage
Yes	846	79%
No	158	15%
Not answered	63	6%

### Summary of responses

3.23 The majority of those who responded to the consultation agreed with the principle of protecting local authorities from reductions in funding as a result of the high needs national funding formula.

3.24 Respondents who supported our proposal said that it was important that there was stability for the most vulnerable children and young people. Those who were not in favour said that they believed that a funding floor would undermine the principle of fairness, and limit gains in funding for those parts of the country that had been underfunded.

3.25 Some respondents expressed concerns that those benefiting from the funding floor would nevertheless face real terms reductions if their funding was held flat in the context of rising costs as a result of population growth and other pressures.

### Government response

3.26 As a result of the overall increase in funding for high needs that is available for distribution, we are able not only to set in place a funding floor to prevent cash reductions for local authorities and provide up to 3% gains under the formula in 2018-19 and 2019-20, but also to:

- Raise the funding floor to provide an uplift of 0.5% in 2018-19 and 1.0% in 2019-20 over the relevant 2017-18 high needs spending baseline;
- Ensure that the funding floor reflects any year-on-year increase in population by using a per-head calculation;
- Prevent any local authority losing funding even if their overall 2-18 population is decreasing.

## Question 5: Funding floor

**Do you support our proposal to set the funding floor such that no local authority will see a reduction in funding, compared to their spending baseline?**

	Total	Percentage
Yes	748	70%
No	219	21%
Not answered	100	9%

### Summary of responses

3.27 As with the responses to question 4, the majority of respondents agreed with this proposal, pointing out the importance of stability for the country’s most vulnerable children and young people.

3.28 Those respondents not so supportive of the funding floor were concerned about the effect on gains under the formula. Some commented that there needed to be more funding overall within the high needs block to provide gains without any local authority losing high needs funding.

3.29 There were concerns about the baselines used within the calculation of the funding floor, if they did not reflect current high needs spending.

### Government response

3.30 See response to the previous question. The funding available for the next two years will enable us to provide gains per head of up to 3% under the national funding formula in 2018-19 and a further 3% in 2019-20, as well as providing a more generous funding floor than was proposed in the stage 2 proposals. The next Spending Review will determine the levels of protection and gains that can be offered in later years.

3.31 We have collected information from all local authorities about their planned spending on high needs in 2017-18 so that we have an up-to-date spending baseline for calculation of the funding floor.

## Question 6: Flexibility between budgets

**Do you agree with our proposals to allow limited flexibility between schools and high needs budgets in 2018-19?**

	Total	Percentage
Yes	371	35%
No	544	51%
Not answered	152	14%

### Summary of responses

3.32 Although a majority of respondents did not agree with our proposal for budget flexibility in 2018-19, they were divided between those who wanted less flexibility and those who thought there should be more or unlimited flexibility.

3.33 Mainstream schools, concerned about the prospect of losing funding because of local authority transfers to their high needs budgets, tended to favour a strict ring fence around the schools budget with less or no local flexibility. Many linked this to the issue of the sufficiency of funding, and argued that schools should receive the funding due under the schools national funding formula, with no local arrangement for depriving them of that budget. Those in favour of requiring the majority of schools to agree said that this would provide an additional layer of scrutiny to decisions taken by the local authority.

3.34 Respondents arguing for greater local flexibility between the funding blocks of the DSG said that it was important to have some flexibility to respond to local pressures, again linking this to the sufficiency of funding to meet rising costs. Some also thought that any limits on local authorities' current flexibility to transfer funds from the schools funding block within the DSG would not reflect the variability in where pupils are placed, between mainstream and special schools, and would encourage schools towards less inclusive approaches.

3.35 Some respondents from the post-16 sector were concerned that it would remain possible for local authorities to transfer high needs funding into schools, and were therefore seeking less local flexibility in movements of funds in that direction.

3.36 A large number of respondents argued that transfers should have to be agreed only by the schools forum, and not the majority of schools, pointing to the additional bureaucracy involved and the difficulty of getting all schools to participate in a consultation. It was suggested that schools would be influenced by how they

fares under the schools national funding formula, and not by wider high needs considerations.

## Government response

3.37 We acknowledge the importance of schools receiving sufficient funding, and that is why we have decided to introduce a national funding formula for schools, identify an additional £1.3 billion for schools and high needs across 2018-19 and 2019-20, and limit local authorities' ability to move funding from schools through a ring fence around the schools funding block. Nevertheless, we also recognise that local flexibility is important, for all the reasons given by those who have commented about this.

3.38 We anticipate that there will be less need for transfers of funding into local authorities' high needs budgets in 2018-19. We have reflected all the transfers to date in establishing new spending baselines that determine how much is allocated in 2018-19 through each of the DSG funding blocks. In addition, the extra funding we are making available in 2018-19 for children and young people with high needs will help local authorities manage their cost pressures without recourse to the funding that is allocated to schools.

3.39 With this in mind, we have concluded that some flexibility is needed but that there should be limits within which local authorities operate. Instead of expressing a limit in terms of how much a local authority can increase its high needs budget, we have decided that the only restriction that is necessary under the new arrangements for four funding blocks of the DSG, is a limit on the movement of funds from the schools block. We have set that limit at 0.5% of the local authority's schools block allocation.

3.40 Taking account of the views expressed about local consultations with schools, and the potential difficulty in securing a response from every school to ascertain a majority view, we have decided that it will only be necessary for the schools forum to agree to a transfer of funding out of the schools block within this limit. The schools forum should be required, however, to take account of the views of schools as expressed in a mandatory consultation. The process we have set out in the schools revenue funding operational guide<sup>5</sup> sets out other information that should be presented to the schools forum before they are asked to make a decision, and how any reasonable requests for exceptions to these rules will be considered.

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<sup>5</sup> Department for Education, [Schools revenue funding 2018 to 2019 operational guide](#), August 2017

## Question 7: Flexibility

**Do you have any suggestions about the level of flexibility we should allow between schools and high needs budgets in 2019-20 and beyond?**

### Summary of responses

3.41 The majority of respondents agreed that there should be some flexibility in 2019-20 and onwards, but did not offer any particular suggestions on how this might work.

3.42 Slightly more respondents said that we should not define limits compared to those who said that we should. Those who said we should not define limits were of the opinion that local authorities were best placed to understand local issues, whilst those who argued for defined limits said that it was important to ensure that there was adequate funding for schools as well as funding retained for pupils with high needs.

3.43 Although there were concerns about the effectiveness of schools forums, and questions about their future purpose, a number of respondents argued that there should still be a role for schools forums in agreeing transfers, commenting on the importance of local scrutiny and accountability.

### Government response

3.44 The response to the previous question sets out how we intend to proceed in 2018-19. We will see how these arrangements work before confirming the arrangements for 2019-20.

3.45 Any consideration of transfers of funding from schools to local authorities' high needs budgets, by local schools forums, should take into account why extra high needs funding is needed, why any transfers in previous years have not been sufficient, and how the local authority is planning to manage within future years' allocations of high needs funding.

3.46 It is important that any decision to transfer funding from schools to high needs is taken in the context of the local authority's strategic approach to the planning of future provision for children and young people with SEN and disabilities, linked to the review and development of the local offer as required by the Children and Families Act 2014. Such activity has been helpful in enabling local authorities to manage their

high needs budgets more effectively. Further information is available in the schools revenue funding operational guide<sup>6</sup>.

3.47 We have provided funding for every local authority, and produced guidance and a benchmarking tool<sup>7</sup>, to support authorities in this work. We will continue to look for ways to offer support, including publishing an update of the benchmarking tool as new data becomes available.

3.48 We will also keep the future role and membership of the schools forum under review.

## Question 8: Further Considerations

**Are there further considerations we should be taking into account about the proposed high needs national funding formula?**

### Summary of responses

3.49 Many of the 782 responding to this question used this section of their response to make the case for more funding for schools. Such comments were prevalent in the identical or similar responses received from schools, parents and others in particular areas, notably West Sussex and Wiltshire.

3.50 Some responses, particularly from the Knowsley area, pointed out the high cost of providing for children and young people with the most complex, low-incidence needs. Respondents expressing concern about such pupils and students commented that it could cost up to £100,000 per year to fund their provision, and asked the department to look at the potential for a separate central fund for this purpose.

3.51 Respondents also argued for more central control or administration because of concerns about the variance in the way that local authorities provide top-up funding for pupils and students with high needs, saying that these differences created inequalities in the system.

3.52 Some respondents thought that there was an incentive to keep places in special units empty when they are funded regardless of whether or not they are filled.

3.53 Some local authorities called for a sparsity factor to be included within the high needs funding formula, saying that rural areas face higher costs because schools have to operate with smaller classes and have more difficulty in recruiting staff.

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<sup>6</sup> Department for Education, [Schools revenue funding 2018 to 2019 operational guide](#), August 2017

<sup>7</sup> Department for Education, [High needs strategic planning fund](#), March 2017

## Government response

3.54 To address one of the themes in the responses to this question, as elsewhere, we are providing additional funding for schools and high needs in 2018-19 and 2019-20.

3.55 Local authorities are statutorily required (under the Children and Families Act 2014) to secure the provision specified in an individual child or young person's education, health and care (EHC) plan. In some cases, this may mean securing and funding a very expensive placement at a school or college, with some such institutions making special provision for pupils and students living at a distance. We have encouraged local authorities to work together and to engage proactively with providers who take children and young people from a wide geographical area, to secure the best possible value for money from such placements. The department has commissioned Dame Christine Lenehan to conduct a review of residential special schools and colleges, where children and young people with low-incidence high needs are often placed. This review is due to report by the end of the year, and we will consider further the funding arrangements for such provision in the light of this report.

3.56 While we understand the arguments for more intervention from the centre, we do not plan to make changes in the responsibilities of local authorities for statutory EHC needs assessments. Those assessments have financial consequences, and we continue to believe that good quality provision is best secured within the available resources if decisions about provision and funding are taken together. The best value for money cannot be achieved if assessments of need and decisions about provision are made without any regard to the funding required. Indeed, the Children and Families Act refers to the efficient use of resources as one of the criteria to be used in making such decisions.

3.57 Nevertheless, we are keen to improve the evidence base for local authority decision making and will be taking forward research to explore further the relationship between costs and outcomes for children and young people with special needs. We will also continue to challenge local authorities that take an indiscriminate approach to cutting costs, without engaging thoroughly and collaboratively with those affected, and without a strategic plan to change the shape of provision in a way that better provides what children and young people need.

3.58 Whilst some respondents were worried that there is an incentive to keep some places in special units empty so that they would attract £10,000 of funding per place, it is for local authorities to effectively manage their provision and to ensure that there are minimal empty places.



3.59 We are also exploring the scope for offering more guidance with the aim of securing greater consistency in the administration of and decisions about the amount of top-up funding relating to individual pupils and students.

## **Question 9: Equalities Impact Analysis**

**Is there any evidence relating to the eight protected characteristics identified in the Equality Act 2010 that is not included in the equalities impact assessment and that we should take into account?**

### **Summary of responses**

3.60 There were a small number of respondents who provided responses that required further consideration.

3.61 On the issue of age, a small number of respondents asked that further consideration be given to high needs pupils under five years old and pupils aged 16-25, as they felt that the current formula did not give a reflective representation of need.

3.62 Under the topic of race, some respondents asked what considerations would be given for those with poor levels of English language skills to access support for high needs.

3.63 On the subject of disability, there were concerns that pupils with physical disabilities but no special educational needs may be disadvantaged by the formula. Some respondents also said that they felt that there was very little within the consultation regarding mental health.

### **Government response**

3.64 The government has reviewed the concerns that have been raised in both the high needs and schools national funding formulae consultations. The response to these concerns can be found in the national funding formula for schools and high needs equalities impact assessment.

## Part 4: List of organisations that responded to the consultation

4.1 This list of major stakeholder organisations was drawn from the online form submitted. This list may not be exhaustive as other organisations may have engaged and contributed to the consultation response through other channels such as meetings with ministers and through other forms of correspondence.

1voicecommunity  
Alliance for Inclusive Education  
Ambitious about Autism  
Association of Colleges (AoC)  
Association of Liverpool Special Schools Headteachers  
Association of London Directors of Children's Services  
Association of National Specialist Colleges (Natspec)  
Association of School and College Leaders (ASCL)  
Association of Teachers and Lecturers (ATL)  
Association of the Directors of Children's Services (ADCS)  
Barnsley Metropolitan Council  
Bedford Borough Council  
Birmingham City Council  
Blackpool Council  
Bolton Council  
Bournemouth Borough Council  
Bracknell Forest Council  
Bradford Council  
Brent Teachers' Association (N.U.T)  
Brighton and Hove City Council  
Bristol City Council  
Buckinghamshire County Council  
Bury Council  
Calderdale Metropolitan Borough Council  
Cambridgeshire County Council  
Cambridgeshire Primary Heads  
Cambridgeshire Schools Forum  
Challenging Behaviour Foundation  
Cheshire West And Chester  
Church of England  
City of Wolverhampton Council  
Cornwall Council  
Coventry City Council  
Cumbria County Council  
Darlington Borough Council  
Derbyshire County Council  
Devon Association of Primary Headteachers (DAPH)

Devon Association of Secondary Headteachers (DASH)  
Devon County Council  
Doncaster Metropolitan Borough Council  
Dorset County Council  
Durham County Council  
East Riding of Yorkshire Council  
East Sussex County Council  
Effervesce Ltd  
Essex County Council  
Federation of Leaders in Special Education (FLSE)  
Freedom and Autonomy for Schools National Association (FASNA)  
Gateshead Council  
Gloucestershire County Council  
Halton Borough Council  
Hampshire County Council  
Hartlepool Borough Council  
Herefordshire County Council  
Hertfordshire County Council  
Hull City Council  
IJA Consulting  
Isle of Wight Council  
Kent County Council  
Kirklees Council  
Knowsley Metropolitan Borough Council  
Lancashire County Council  
Leeds City Council  
Leicester City Council  
Leicestershire County Council  
Lincolnshire County Council  
Local Government Association (LGA)  
London Borough of Barking and Dagenham  
London Borough of Barnet  
London Borough of Bexley  
London Borough of Brent  
London Borough of Bromley  
London Borough of Camden  
London Borough of Croydon  
London Borough of Ealing  
London Borough of Enfield  
London Borough of Hackney  
London Borough of Hammersmith and Fulham  
London Borough of Haringey  
London Borough of Harrow  
London Borough of Havering  
London Borough of Hillingdon  
London Borough of Hounslow  
London Borough of Islington  
London Borough of Lambeth  
London Borough of Lewisham

London Borough of Merton  
London Borough of Redbridge  
London Borough of Richmond upon Thames  
London Borough of Southwark  
London Borough of Sutton  
London borough of Waltham Forest  
London Borough of Wandsworth  
London Councils  
Luton Borough Council  
Manchester City Council  
Medway Council  
Milton Keynes Council  
National Association for Special Educational Needs (Nasen)  
National Association of Head Teachers (NAHT)  
National Association of Independent and Non-Maintained Special Schools (NASS)  
National Association of Schoolmasters and Union of Women Teachers (NASUWT)  
National Autistic Society (NAS)  
National Deaf Children's Society  
National Governors' Association (NGA)  
National Network of Parent Carer Forums (NNPCF)  
National Sensory Impairment Partnership (NatSIP)  
National Star Foundation  
National Union of Teachers (NUT)  
NATSPEC  
Newcastle City Council  
Norfolk County Council  
North East Lincolnshire Council  
North Lincolnshire Council  
North Somerset Council  
North Tyneside Council  
North Yorkshire County Council  
Northamptonshire County Council  
Northumberland County Council  
Nottingham City Council  
Nottinghamshire County Council  
Oldham Council  
Oxfordshire County Council  
Peterborough City Council  
Plymouth City Council  
Poole Borough Council  
Portsmouth City Council  
Rochdale Borough Council  
Rotherham Metropolitan Borough Council  
Royal Borough of Greenwich  
Royal Borough of Kensington and Chelsea  
Royal Borough of Windsor and Maidenhead  
Royal National College for the Blind (RNC)  
Royal National Institute of Blind People (RNIB)

Rutland County Council  
Salford City Council  
Sandwell Metropolitan Borough Council  
School Financial Success  
SEND Karma  
Sheffield City Council  
Shropshire Council  
Slough Borough Council  
Social Finance Ltd.  
Solihull Metropolitan Council  
Somerset County Council  
South Gloucestershire Council  
South Tyneside Council  
Southampton City Council  
Southend-on-Sea Borough Council  
Special Interest Group of Municipal Authorities (SIGOMA)  
St Helens Council  
Staffordshire County Council  
Stockport Council  
Stockton-on-Tees Borough Council  
Strategic Services for Children and Young People (SSCYP)  
Suffolk Association of Secondary Heads  
Suffolk County Council  
Sunderland City Council  
Surrey County Council  
Swindon Borough Council  
Telford and Wrekin Council  
The F40 Group of Local Authorities  
Torbay Council  
Trafford Council  
Voice  
Wakefield Council  
Warrington Borough Council  
Warwickshire County Council  
West Berkshire Council  
West Sussex County Council  
Westminster City Council  
Wigan Council  
Wiltshire Association of Secondary and Special School Headteachers  
Wiltshire Council  
Wirral Council  
Wokingham Borough Council  
Worcestershire County Council



Department  
for Education

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