

LANCASHIRE SCHOOLS FORUM
Date of meeting 18 March 2021

Item No 7

Title: Recommendations of the High Needs Block Working Group

Appendix A refers

Executive Summary

On 2 March 2021, High Needs Block Working Group considered a number of reports, including:

- High Needs Block Funding
- High Needs Block Termly Redetermination Process
- Review of national funding formula for allocations of high needs funding to local authorities: changes for 2022-23
- Alternative Provision Strategy Group Update

A summary of the information presented and the Working Group's recommendations are provided in this report.

Recommendations

The Forum is asked to:

- a) **Note the report from the High Needs Block Working Group held on 2 March 2021**
- b) **Ratify the Working Group's recommendations.**

Background

On 2 March 2021, the High Needs Block Working Group considered a number of reports. A summary of the information presented and the Working Group's recommendations are provided below:

1. High Needs Block Funding

At the Schools Forum on 12 January 2021, decisions and recommendations about the 2021/22 Schools Budget were agreed, with additional HNB funding used to:

- cover the forecast cost and demand led pressures in High Needs expenditure from April 2021;
- support increases in HNB expenditure to broadly match uplifts in the mainstream sector, including:
 - increasing the Weighted Pupil Numbers (WPN) rate across all school and FE settings by 2% to £4,391;
 - increasing 'School Specific' allocations in special schools and PRUs by 2%;
 - aligning PRU Excluded Pupils, Medical and Other pupils to WPN value at Band E2 (1 WPN) from April 2021
 - in the secondary formula, 1 WPN paid rather than the average of the secondary AWPU value
 - in the primary PRU formula, 2/3 of 1 WPN paid rather than the primary AWPU value
 - incorporating increased income relating to the teachers pay and pensions grants (previously distributed as a separate grant) into school specific allocations for special schools and PRUs, at £660 per pupil;
 - Increase the Hospital Education budget to £927k as set out in DfE operational guidance, taking into account the addition pay and pensions grants.

On 14 January 2021, the County Council's Cabinet formally approved the Schools Budget for 2021/22.

Certain parts of the Schools Budget were then submitted to the ESFA for compliance checking, as required by Regulations. The ESFA subsequently contacted the LA seeking various clarifications and explanations and, once satisfied with the responses, provided approval.

Special School and PRU School Budgets were prepared and issued on 22 February 2021, together with the forecast High Needs Block allocations for high needs pupils at mainstream schools.

Early Information about Future Funding Arrangements.

The DfE have indicated that they will issue various SEND Review consultation 2021 and further information is provided elsewhere on the agenda in connection with a consultation relating to the HNB national funding formula for 2022/23.

The Working Group:

- a) **Noted the report.**

2. High Needs Block Termly Redetermination Process

During the summer and autumn terms 2020, the Forum has supported the application of protections for special schools and pupil referral units in the termly budget redeterminations, to provide some mitigation against NOR reductions caused by COVID-19.

Autumn term 2020 redeterminations were processed in December 2020 and resulted in top-up payments of circa £583k being issued from the High Needs Block. 9 special schools (30%) received top-up payments and 8 out of 9 PRUs (89%) received protection.

An analysis of the autumn term top-up payments are provided below:

Type	Total Payments	Highest Payment	Lowest Payment	Average of all payments	Average including nil payment	Percentage of total payments
Special Residential	£208,274	£167,256	£41,018	£104,137	£104,137	35.7%
Special Non-Residential	£121,321	£43,451	£1,901	£17,332	£4,333	20.8%
PRU/AP	£253,779	£92,892	£2,687	£31,722	£28,198	43.5%

Similar protections were also provided as part of the early years redetermination process for the summer and autumn terms 2020.

The January 2021 census took place during the third national lockdown. This may again affect the NOR data across all HNB providers, it is however expected that the PRU delivery will be the most significantly impacted and views were sought about offering protection for special schools and PRUs in the spring term 2021 redetermination.

The protection could again compare actual January 2021 census data with the funding that was estimated in the 2020/21 HNB budgets for the spring term 2021, with top up protection being provided to any special school or PRU where the actual pupil data in January was below the budgeted figure.

In considering this proposal, members noted that protection is not proposed for the early years block in spring term 2021. Thus far, the redetermination protections have been similar across HNB and EYB. However, the government placed different requirements on schools and early years providers for lockdown 3. Schools were instructed to close to all pupils, except for vulnerable children and those of key workers. Early years establishments were told to remain opening for all children and the DfE issued some specific guidance about the spring term early years census/headcount. This guidance confirmed that the EYB funding for spring 2021 would return to the standard methodology with the actual headcount being used to determine funding (although some account could be taken of reduced numbers caused by COVID-19 sickness absence or self-isolation).

Members also noted feedback from proposals at other NW Las on this issue.

Teachers pay and pensions allocation

After the papers were issued, representations have been received from some PRUs in connection with the calculation of the teachers pay and pensions in 2021/22 budgets. The Forum agreed that the grants were would be incorporated into school specific allocations for special schools and PRUs, at £660 per pupil. PRU colleagues are concerned that the actual number of pupils they will have on roll may be lower than the number of commissioned places, hence may generate a reduced pay and pensions allocation for the schools.

Spring Term Census data

Information had recently been received to indicate that the spring term 2021 census deadline has been extended nationally, to 17 March 2021, due to delays at Capita with completion of the census. The county council is not expecting to receive cleaned data from the census until after 17 March 2021, or later, which is unlikely to provide time to calculate and issue the spring term redeterminations before March year end deadlines.

The LA was therefore proposing to contact special schools to ask for information on pupil numbers entered on the spring term schools census for pre-16 pupils and post-16 figures using a short eform. This should enable redeterminations to be issued before March deadlines.

Members considered the report and discussed the additional issued raised at the meeting, including issues about longer term PRU funding and strategy and links to Inclusion Hub proposals and possible maintained nursery school involvement.

The Working Group:

- a) **Noted the report and the further information.**
- b) **Recommended that protections are applied to the HNB spring term 2021 redetermination process to mitigate the impact of COVID-19 for any special schools or PRUs with a reduced NOR in the January 2021 count.**
- c) **Supported the issuing of an eform to special schools to collected January census data to enable spring term redeterminations to be actioned on time.**
- d) **Supported further investigation into possible funding implications around the teachers pay and pensions methodology for PRUs and any possible protection that could be provided for 2021/22.**
- e) **Requested that the involvement of maintained nursery schools in Inclusion Hub discussions be raised with relevant Directors.**
- f) **Noted that wider strategic considerations around PRUs was being taken forward by the Alternative Provision Steering Group.**

Since the meeting, the LA has been considering the PRU Pay and Pensions representations. Officers are sympathetic to the representations made, given that PRU pupil numbers may be lower in 2021/22 budgets as a result of COVID-19 implications.

As PRU's school specific places do not include intervention places, it is proposed that protection could be applied to the PRU pay and pensions methodology for 2021/22, by including intervention places, This figure would change each term depending on data,

but would top up the allocations for PRUs in 2021/22 and provide some protection against the current reduced numbers in PRUs.

Initial analysis suggests that this methodology would generate circa £95k of additional pay and pensions allocations to PRUs in 2021/22, although there are school by school variations. This overall figure would likely increase throughout the year, if intervention placements increase as expected.

Decisions about the longer term methodology for teachers pay and pensions allocations could be considered alongside any other funding proposals that emerge from the AP Strategy Group.

3. Review of national funding formula for allocations of high needs funding to local authorities: changes for 2022-23

On 10th February 2021, the DfE launched a consultation on the 'Review of national funding formula for allocations of high needs funding to local authorities: changes for 2022-23'. The consultation closes on 24 March 2021.

A copy of the consultation documentation was provided for members.

It was noted that the consultation is fairly limited in scope and was seeking views on some possible changes to two specific factors in the high needs national funding formula for 2022/23. The DfE indicated that this consultation forms the first stage of the review of the high needs national funding formula, and that future consultations will cover further proposals for changes to the formula and to the arrangements for the funding for SEND and AP.

Members gave initial consideration to the consultation questions and possible responses and colleagues were asked forward any further observations they may have to the LA. The Group were informed that FE colleges in Lancashire were responding to the consultation and views could be shared.

Views were also being sought from other LA officers in Childrens' Services.

Comments expressed by the Group would be collated and used to shape a Schools Forum response, which would be presented to the Forum meeting scheduled for 18 March 2021 for approval.

The Working Group:

- a) Noted the report.**
- b) Expressed some initial views on the consultation.**

Individual members were asked to consider any further comments on the consultation and inform the LA.

A copy of draft Forum response is attached at Appendix A.

4. Alternative Provision Strategy Group Update

The work of the Alternative Provision Strategy Group had been referred to in discussions earlier on the agenda, but a brief verbal update was provided for members.

It was confirmed that the AP strategy group, which include representatives from PRUs, special schools, mainstream schools and FE colleges, in addition to relevant LCC officers, was meeting regularly. The Group was making progress and work was being undertaken in the background. Considerable engagement with the sector representatives was reported and considerations were linking in with other appropriate initiatives like Inclusion Hubs and the team around the school.

Officers agreed to raise the involvement of Coal Clough Academy with the Group with the relevant Director.

The Working Group:

- a) Noted the report.**

Draft Schools Forum response to DfE consultation: Review of national funding formula for allocations of high needs funding to local authorities: changes for 2022-23

Historic spend factor - question 1

The historic spend factor in the high needs national funding formula is the main proxy we currently use for local circumstances that can significantly affect local authorities' levels of spending on high needs, and that take time to change. This formula lump sum is calculated using 50% of each local authority's planned expenditure on high needs in 2017-18, reported by local authorities.

We now have access to actual spending data from 2017-18. We therefore propose replacing the current lump sum included in the formula calculation with an amount calculated on the basis of actual expenditure in 2017-18, as reported by each local authority.

Before answering the question below, please read section 3 of the consultation document. Annex B to that document includes further information, and for each local authority the lump sum amount that we propose to use.

Do you agree that we should replace the current lump sum included in the formula calculation with an amount calculated on the basis of actual local authority expenditure, as reported by each local authority?

(Required) Agree Disagree **Unsure**

Please provide any additional comments:

The reason for the answer is that demand has changed significantly over the last 4 years making the comparison with either historic budget or actual spend is out of date and an inappropriate basis for calculating funding allocations. From the options given under this question, then actual costs would seem more appropriate that budgeted figures.

Historic spend factor - question 2

The historic spend element of the high needs national funding formula has remained at a cash-flat level since the introduction of the national formula in 2018-19, moving from 44% of the overall formula funding in 2018-19 to 34% in the 2021-22 formula as that total funding has increased. Some local authorities may not have been able to change their spending patterns to keep pace with the percentage reduction in this factor, despite the protection afforded by the funding floor minimum increase of 8% this and next year. We are therefore considering whether to increase the proportion of funding allocated through this factor, alongside using actual expenditure amounts.

Using actual expenditure from a more recent year, and leaving the percentage at 50%, would increase the amount of the lump sum, but we are not proposing to do this as we are clear that local authorities' actual spending now or in future should not determine how much funding they receive. We could, however, increase the significance of this

factor in the 2022-23 formula, by increasing the percentage of 2017-18 spending that is applied, allowing for a more gradual rate of change in the local pattern of spending.

Before answering the question below, please read section 3 of the consultation document.

Do you think that we should increase the percentage of actual expenditure in 2017-18 included in the funding formula calculation, or leave it at 50%? Use the comments box to propose a particular increase or reduction in the percentage.

(Required) Increase the percentage Keep the percentage at 50% Decrease the percentage **Unsure or other**

Comments:

As set out in the document, we agree that historic spend should not determine future allocations. Increasing the percentage of 2017/18 expenditure in 2022/23 allocations seems a retrograde step, but we understand the need to manage turbulence between funding methodologies.

Historic spend factor - question 3

We are aware that the continued use of historic spend is not the perfect long term solution for reflecting the patterns of local demand and supply that affect spending on high needs, as those patterns will naturally change over time. As part of the funding formula review that we are carrying out, and for consideration as we develop that formula in the years after 2022-23, we are therefore seeking views on potential alternatives to the historic spend factor. Any new factors would need to be appropriate for a funding formula (e.g. the data used should be collected on a consistent basis) and would also need to avoid creating a perverse incentive (e.g. to spend more on a certain type of provision so as to gain more funding, rather than to improve the quality or appropriateness of provision).

Before answering the question below, please refer to section 3 of the consultation document.

To what extent do you agree that the funding formula should include factors that reflect historical local demand for and supply of SEND and AP provision? If you have any suggestions for such factors that could eventually replace the historic spend factor, please provide these in the comments box.

(Required) **Strongly agree** Agree Neither agree nor disagree Disagree Strongly disagree

Comments:

We do not see that historic spend is a medium or long term funding solution, but the provision of High Needs support for pupils can have expensive long term contractual obligations and any move to a new system must try to minimise any transitional

turbulence and protect against making existing commitments unaffordable at individual LA level.

Low attainment factor - question 4

The high needs national funding formula uses low attainment at both key stage 2 and key stage 4 as a proxy indicator for SEND. This figure is calculated using an average of results over the most recent 5 years of tests and exams, which for the 2022-23 formula would have meant using test and exam results from 2016 to 2020. Due to the COVID-19 pandemic, the 2020 key stage 2 tests and GCSE exams were cancelled. This has resulted in no key stage 2 data, and GCSE data that would be inappropriate to use because of the inconsistencies with the results from previous years.

We have considered using the same data as used to calculate last year's attainment formula factors, but this would mean data from more than 5 years ago. Instead, we propose to calculate low attainment by using data from 2016 to 2019, but then to double the weighting of the most recent exam data from 2019. This method could be used for a further year, assuming the 2021 test and exam results are also not able to be used for this purpose.

Please refer to section 4 of the consultation document before answering the following question.

Do you agree with our proposal to update the low attainment factors using data from 2016, and to substitute the most recent 2019 data in place of the missing 2020 attainment data?

(Required) **Agree** Disagree – calculate in the same way as last year
Disagree – other (please provide further details in the comments) Unsure

Comments:

Using data from 5 years ago seems too out of date and it would seem better that more recent data should have higher weighting. However, if attainment is improving then this could reduce funding received.

SEND and AP proxies - question 5

The high needs national funding formula uses six indicators which together act as a proxy for the level of more complex SEND, and need for alternative provision (AP) in an area. These indicators include: a measure of the local population of children and young people, the two low attainment measures (key stage 2 and key stage 4) referred to in question 4, two health and disability measures (the number of children in bad health and the number of families in receipt of disability living allowance), and two deprivation indicators (the number of children eligible for free school meals and a local area deprivation measure).

Numbers of EHC plans are not be used as a robust indicator of underlying need because the way they are used varies considerably across local areas, and the

number of plans is therefore not necessarily directly associated with the local authority's need to spend. The ongoing SEND review is considering whether system changes are needed, to provide more consistency in EHC needs assessment and planning process, and to improve other aspects of the SEND arrangements.

Following the SEND review, we will consider whether consequent changes to these proxies that we use in the funding formula, as well as other funding changes, would be appropriate, as it is important that the proxies used support local authorities to deliver the outcomes of the review. At this stage we are keen to understand whether there are new factors either that could replace existing factors that have become out of date or otherwise unreliable, or that could be added to the formula to address types or prevalence of identified need, and we would welcome views.

Please refer to section 5 of the consultation document before giving your comments.

If you wish to offer ideas on factors that could be added to the current formula, or that could replace the current proxies, please provide further details in the comments box below

The use of the Early Years Foundation Stage Profile was identified by Schools Forum members as an important indicator of need.

Equalities impact assessment - question 6

Please provide any information that you consider we should take into account in assessing the equalities impact of the proposals for change. Before answering this question, please refer to Annex C of the consultation document.

Please provide your answer in the box below:

No comments