

15th April 2016

ADCS submission to the high needs funding reform consultation

The Association of Directors of Children's Services Ltd (ADCS) welcomes the opportunity to respond to the consultation on high needs funding reform. ADCS is the professional association for directors of children's services (DCS) and their senior management teams. Under the provisions of the Children Act 2004, the DCS is the chief officer responsible for the discharge of local authority functions with regard to education and children's social care and champion for children across wider children's services.

<p>1. Do you agree with our proposed principles for the funding system?</p>	<p>ADCS agrees, in general, with the implementation of a national funding formula for high needs. It is acknowledged that DfE have attempted to develop a number of principles to underpin the proposed funding formula, however, ADCS believe the over-riding principle of any school funding formula should be to promote improved pupil outcomes.</p> <p>The introduction of a national funding formula for schools will fundamentally change the way in which funding is distributed to schools, therefore it is disappointing that the consultation period has been restricted to 6 weeks. The consultation document refers to a future 'Stage 2' consultation on the detailed weightings of the proposed formula. ADCS would urge DfE to allow a minimum of 12 weeks for such an important and fundamental consultation. Care should be taken to ensure the consultation period does not coincide with school holidays in order to allow local authorities to consult schools and arrange approval for any schools forums responses.</p> <p>The current proposals do not acknowledge the inter-relationships between the different blocks within the DSG, particularly the schools block and high needs block. The flexibility afforded to local authorities to transfer funding between blocks has allowed schools to collectively meet the increased pressures in relation to high needs. The proposals remove this flexibility from the local system and may result in additional high needs pressures being unmet. ADCS would welcome assurances that the funding available via the high needs block will be sufficient to meet the growing pressures in this area of activity.</p> <p>The introduction of a 'hard' funding formula with ring fenced blocks is at odds with the devolved responsibility for meeting the needs of children and young people with SEND, particularly those</p>
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	<p>with social, emotional and mental health needs. Decisions about placements and provision should be taken with young people and their parents and the balance between inclusive provision in mainstream or specialist/alternative provision (special school or PRU) will be constrained by the hard barrier between the schools and high needs blocks. ADCS would expect to see further consideration of this issue as part of the Equality Impact Assessment prior to confirmation of any national schools funding formula and reforms of the high needs block.</p> <p>ADCS welcomes the availability of £200m capital to secure additional capacity however further clarity is needed as to how this funding can be accessed and utilised. The revenue implications of capital funding for new places must also be recognised.</p> <p>ADCS would urge DfE to develop a mechanism for keeping any new high needs formula, the data used for this and the overall funding quantum under review and would welcome the opportunity to take part in such a forum.</p> <p>As with the national schools funding formula, ADCS would urge DfE to limit the ability of Multi Academy Trusts (MATs) to move funding between schools within their trust arrangements, especially as top up funding is allocated for a named child. The ability of MATs to redistribute funding amongst their academies is unacceptable and does not align with the principles as outlined within the consultation.</p> <p>The consultation proposes that the high needs basic entitlement is allocated using data from the January school census. Based on this proposal, funding for any financial year will be based on pupil data that is 15 months old. For 2017/18, January 2016 data will not take into account any new places which local authorities have funded from September 2016 through to summer term 2017. This presents a significant time lag and could potentially cause difficulties for local authorities who are experiencing rising numbers of children and young people with SEND. As an alternative, the October 2016 census data should be used to determine the basic entitlement. ADCS acknowledges that this data also has limitations as it will not reflect September 2017 increases (7 months effect in the financial year 2017/18) however, occupied places at the start of the 2016/17 academic year will be counted.</p> <p>A significant omission in the consultation document is the importance of financial contributions from health commissioners for medical-related needs. There is wide variation in the contributions made by individual clinical commissioning groups and it would not be fair or transparent if this was not addressed to ensure a level of consistency across the country.</p>
<p>2. Do you agree that the majority of high needs funding should be distributed to</p>	<p>Local authorities have the statutory responsibility to assess the needs of children and young people with SEND and to secure the provision of services to meet identified need. As the</p>

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<p>local authorities rather than directly to schools and other institutions?</p>	<p>commissioners of such services, local authorities must be responsible for the resources to deliver against their responsibilities and to enable the objective allocation of resources based on the needs of all children with SEND in an area. Managing high needs funding at a local authority level will allow for the identification of efficiencies due to scale and drive value for money.</p>
<p>3. Do you agree that the high needs formula should be based on proxy measures of need, not the assessed needs of children & young people?</p>	<p>Proxy measures of need may be appropriate when considering low level, high incidence needs however, such measures are not appropriate when dealing with complex, high level needs. Proxy measures will not adequately reflect costs which are driven by the unique needs of the individual child which the EHC planning process aims to identify. There are also individual features in some areas such as specialist hospitals which cause higher levels of special school provision for very high cost and complex needs and this should be recognised in any formulaic approach.</p> <p>DfE must be clear about the types of need the high needs block should fund, particularly in relation to health/ medical needs. This will be key to developing any appropriate proxy measures for the lower levels of need.</p> <p>ADCS would welcome the opportunity to work with the DfE to consider appropriate evidence based proxy measures and alternative approaches for allocating funding for high cost complex cases.</p>
<p>4. Do you agree with the basic factors proposed for a new high needs formula to distribute funding to local authorities?</p>	<p>In general, ADCS welcomes the proposed factors for the high needs formula, however, the weightings afforded to each factor will be crucial. ADCS would like to highlight a number of concerns.</p> <p>ADCS would reiterate the comments made in the national schools funding formula consultation response regarding the proposed deprivation factor as part of a national funding formula. ADCS would support a deprivation factor that considered both pupil and area level measures, however consideration must be given to the balance between the two factors. FSM has been acknowledged as an appropriate proxy for deprivation, being simple and having a strong correlation with disadvantage. However, the introduction of universal infant free school meals has created some issues in identifying those pupils who would previously have been eligible, this will suppress FSM data and affect some areas disproportionately. Consideration needs to be given as to how IDACI can be updated on a more regular basis, or an alternative area measure used. At present, updates on a five year basis are insufficient and can result in significant changes in funding due to the substantial shifts that can take place over that time period. This does not support the principle of creating a funding system that is predictable.</p>

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	<p>Including a population factor based on the number of children and young people in the 2 to 18 age range does not accurately reflect the cohort of children and young people who access support via the high needs block. Any population factor applied should reflect the population of children and young people from birth up to the age of 25 to reflect the government's SEND reforms. The weighting allocated to the population factor will be important. The consultation document refers to a 'substantial' population factor, this potentially risks funding being skewed towards large populations of children and young people rather than being targeted to need.</p> <p>The children not in good health population census data is only updated on a ten yearly cycle therefore provides extremely unreliable data. Is there potential for DfE to work with other government departments to explore the possibility of using more up to date data. Again, any data set must reflect children and young people aged 0 – 25.</p> <p>The basic entitlement for pupils in special schools, special academies and post-16 institutions should be £10,000 in line with the requirement to provide this level of place-led funding to institutions.</p>
5. We are not proposing to make any changes to the distribution of funding for hospital education, but welcome views as we continue working with representatives of this sector on the way forward.	ADCS would welcome the opportunity to be involved in any work DfE initiate to consider how best to distribute funding for hospital education. The use of hospital schools varies significantly and it will be important that such variations are fully understood before any changes are recommended.
6. Which methodology for the area cost adjustment do you support?	As with the national schools funding formula, ADCS would support the use of the hybrid methodology.
7. Do you agree that we should include a proportion of 2016-17 spending in the formula allocations of funding for high needs?	ADCS welcomes the proposal to include a proportion of 2016/17 spending in the formula allocations. However, figures will be based on planned use of DSG across the blocks rather than actual spend. Due to the flexibility afforded to DSG under the current system, planned use of DSG at the start of the financial year and actual spend can be significantly different.
8. Do you agree with our proposal to protect local authorities' high needs funding through an overall minimum funding guarantee?	A minimum funding guarantee is essential to ensure that the transition to any new system takes place in a measured and managed way and does not disrupt the education of the most vulnerable pupils.
9. Given the importance of schools' decisions about what kind of support is most appropriate for their pupils with SEN, working in partnership with parents, we	As the all-academy agenda is driven forward, it may be appropriate to develop national guidelines on what schools should offer their pupils prior to top-up funding being made available. National guidelines on the expectations of mainstream schools, particularly in respect of SEND provision, but also arrangements for vulnerable children and those with

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<p>welcome views on what should be covered in any national guidelines on what schools offer for their pupils with SEN & disabilities.</p>	<p>challenging behavior, will help schools and local authorities work together in the best interests of children and help mitigate the risk that demands on the high needs budget exceed funding.</p>
<p>10. We are proposing that mainstream schools with special units receive per pupil amounts based on a pupil count that includes pupils in the units, plus funding of £6,000 for each of the places in the unit, rather than £10,000 per place. Do you agree with the proposed change to the funding of special units in mainstream schools?</p>	<p>Yes, this will make the system simpler.</p>
<p>11. We therefore welcome, in response to this consultation, examples of local authorities that are centrally retaining funding in a strategic way to overcome barriers to integration and inclusion. We would be particularly interested in examples of where this funding has been allocated on an 'invest-to-save' basis, achieving reductions in high needs spending over the longer term. We would like to publish any good examples received.</p>	<p>Bury Council has established an early years high needs protocol to ensure support and interventions can be provided at the earliest stage in a child's education. The protocol is overseen by an early years high needs panel which includes SEN, health, and early years professionals who assess individual circumstances and agree the support measures that can be applied. This aims to ensure appropriate access and inclusion for eligible children into early years provision, with regard to health support already offered to the child and their parents in their home, and also supports the costs of specialist seating where required in the early years settings.</p> <p>Lincolnshire County Council employ a group of interim headteachers – they are managed through the Council and provide interim leadership into schools when schools lack leadership capacity for a variety of reasons. The team mainly work in Lincolnshire's most challenging schools and are highly experienced at gaining the trust and confidence of the community and governors very quickly. This group is highly responsive and can go into schools with immediate effect. They are also able undertake complex disciplinary investigations into allegations against headteachers on behalf of governing bodies.</p> <p>Lincolnshire County Council also holds a de-delegated intervention fund on behalf of all primary maintained schools. The fund is used to drive up improvement in schools where it has been identified improvements are required.</p>
<p>12. We welcome examples of where centrally retained funding is used to support schools that are particularly inclusive and</p>	<p>Where there are schools with disproportionate numbers of pupils with high needs, Bury Council is able to provide an additional 'volume' top-up from the retained funding. This is particularly necessary where these schools have relatively good attainment and where the pupils on roll do</p>

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<p>have a high proportion of pupils with particular types of SEN, or a disproportionate number of pupils with high needs.</p>	<p>not live in the most deprived areas, thus resulting in the school receiving insufficient delegated funding through the schools formula. Bury also has well established outreach provision delivered by its special school and PRU which aims to help mainstream schools develop their inclusivity for pupils with SEN and behavioural difficulties through collaboration.</p> <p>Ealing Council has an SEN support fund for schools with a disproportionate number of pupils with high needs, £583,000 is allocated through this fund. Funding is provided from the high needs block to support schools with a disproportionately high number of children with SEN statements or education, health and care plans. A school will be eligible for support if:</p> <ul style="list-style-type: none"> • The number of statements on the October school census is greater than 1.5% for a primary school or 2% for a high school; or • The total cost of the first £6,000 of each statement exceeds 21% for primary school or 24% for a high school of its provisional SEN budget <p>Funding is determined by whichever option provides the highest level of support. The total funding is capped to no more than allocated for 2015/16. The schools Forum has asked that the rules for 2017/18 are reviewed.</p> <p>Lincolnshire has a higher than average rate of exclusions and schools requested additional support to address this issue. Through Lincolnshire County Council they can access additional skills, capacity and capability for pupils at risk of exclusion. Schools agreed to centrally fund a behaviour outreach service to enable them to have access to additional specialist support to address behavioural challenges in young people and to help train school staff in the use of alternative strategies to reduce the number of exclusions.</p>
<p>13. Do you agree that independent special schools should be given the opportunity to receive place funding directly from the EFA with the balance in the form of top-up funding from local authorities?</p>	<p>There is currently an inequality in the proposals for funding a basic entitlement allocation for every pupil other than those in the independent sector pre-16. It is not clear why this proposal has been put forward. As a result of this proposal, those local authorities who rely on the services of the independent sector will be significantly underfunded. The number of pupils in pre-16 independent schools must also be considered when allocating the basic per pupil funding.</p> <p>The ability to opt-in to this method may also create further pressures on the high need block. If some independent special schools choose not to opt in to the £10,000 place led funding, local authorities will have to meet the full cost of a placement from the high needs block instead of providing a top up.</p>

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<p>14. We welcome views on the outline and principles of the proposed changes to post-16 place funding (noting that the intended approach for post-16 mainstream institutions have much smaller proportions or numbers of students with high needs, differs from the approach for those with larger proportions or numbers), and on how specialist provision in FE colleges might be identified and designated.</p>	<p>The proposed changes are welcomed and will further support the SEND reforms; ensuring a system of support that extends as seamlessly as possible throughout the education system and through the age range up to 25. Any changes, however, must reflect the key role local authorities hold in relation to commissioning post 16 provision for the local population, including young people with SEND.</p>
<p>15. We welcome comments on the equalities impact assessment</p>	<p>ADCS would suggest that the equalities impact assessment be extended to address the implications for children with SEND if the demands on a local authority's high needs block exceeds the resources they have been allocated and therefore are unable to fund provision as detailed within a child/ young person's EHC plan.</p>

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