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To: Headteachers and Business Managers
of all Suffolk Maintained Schools

**LMS Document
No. 2016/07**

Dear Colleagues

High Needs Funding Formula and Other Reforms Consultation

As you are aware, Suffolk County Council is a low funded authority and has campaigned for several years, with the F40 group, for fairer funding. The Government has responded and the High Needs Funding Formula and Other Reforms Consultation was published on 7 March.

It should be noted that the consultation concerns the redistribution of the Dedicated Schools Grant between the schools (and a schools central block), high needs and early years blocks and across the country. The blocks are interdependent but the consultations are not being held simultaneously. Therefore please consider your responses, bearing in mind that the high needs block supports provision across the whole sector i.e. mainstream schools and top up funding for vulnerable learners, special schools, Alternative Provision and early years and that the early years consultation will not be held until later this year. The proposal also has implications for other services that support schools for example Behaviour Support and the County Inclusive Resource Service.

This letter is to highlight the fact that Suffolk County Council encourages all stakeholders to respond to the consultation accordingly. The letter and its contents therein should not however replace the reading of https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform/supporting_documents/HighNeedsFundingReform_Consultation.pdf

and the "high needs funding consultation: technical note"
https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform/supporting_documents/HighNeedsFundingConsultation_TechnicalNote.pdf

and full response to the consultation document <https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform/consultation/intro/view>

There are two stages to the consultation; the first stage is to agree the principles that support an improvement to the way that high needs funding is allocated to local authorities on the basis of a formula consisting of a number of factors and the data that would be used in the proposed formula factors. In addition, views are sought on the proposed changes to the way high needs funding supports institutions.

The second stage, the timing of which will depend on the responses to the first stage, will consider the weightings/rates of the formula factors, the impact for local authorities and the transitional protection.

First Stage

- The seven principles that underpin the reforms are detailed in the consultation document
- A national to local authority funding formula using proxy indicators of need
- Alternative Provision (AP) is included in the distribution of funding in the national to local funding formula but the consultation does not include any change to way AP is funded locally
- There are 5 proposed factors in the high needs funding formula i.e. basic unit of funding, population, health and disability, low attainment and deprivation factors. The proposed factors and data are set out in the consultation document in detail
- There is a clear focus on service provision to control costs and the consultation asks for comments
- It should be noted that it is proposed in the schools national funding formula consultation that the schools block allocation from the DfE to be ringfenced with effect from 2017/18 which means that Schools Forum will not be able to agree to move funding from the schools block to high needs (or early years).

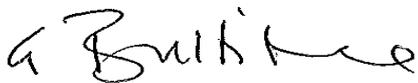
Some aspects of the proposals for the high needs funding that you may wish to consider include:

- the proposed change is to be carefully phased over a number of years to avoid disruption to education. There does not yet appear to be an end date for the implementation.
- The intention to use 2016-17 planned spending in the formula for at least the first five years will not address the increasing demand on the high needs block in a timely manner.
- both FSM and IDACI, used in combination, are proposed as deprivation indicators in the additional needs block. The updated dataset for IDACI (updated every 5 years) caused some turbulence in 2016/17 schools budgets and you may wish to consider this impact when responding.
- The proposed data source for the health and disability factors is the general population census; you may wish to consider the impact on the data given that the census is completed once every ten years.
- the proposed measures for low attainment differs from those recommended in the Isos report; you may wish to consider the appropriateness of the proposed measures.
- it is proposed to base hospital education funding on current levels; you may wish to consider the impact of changing demand.

- the area cost adjustment proposal is to base the measure on either the current teacher employment costs or a “labour cost adjustment” derived from the local employment market. You may wish to consider whether a low school income potentially suppresses the wage profile and masks the actual pressure in different localities.
- a minimum funding guarantee (MFG) is proposed to limit year on year reductions for each local authority; you may wish to consider how this would be funded e.g. will there be capping (as proposed for the schools block)?
- It is proposed that mainstream schools with special units will receive the per pupil amount from schools block plus place funding at £6k from the high needs funding.
- The proposals for funding high needs in early years settings will be consulted on later this year but in the meantime the local authority can use HN & EY funding allocations to provide SEN support.

The above points only represent some of the proposals. The DFE have stated that the results of the first stage of the consultation will be used to inform the second stage of the consultation, and so please ensure you respond, in full, to the consultation by the **closing date of Sunday 17 April 2016**.

Yours sincerely



Gavin Bultitude
Assistant Director: Resources and Support