



Northumberland County Council

The Right Honourable Anne Milton MP
House of Commons
London
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Your ref:
Our ref: WD/BP/TH
Enquiries to: Wayne Daley
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Date: 30 April 2019

Dear Ms Milton

High Needs Funding System

We read with interest of your recent contribution to the High Needs funding debate in the House of Commons, when you spoke of the “perverse incentives” in the system, whereby a school could potentially be penalised by identifying a child with SEND and then needing to find the first £6,000 per year arising from their provision.

As you are aware, the £6,000 is a uniform rate applied across all schools despite differentials being paid via the age weighted funding at primary, Key Stage 3 and Key Stage 4 respectively. This Age Weighted Pupil Unit funding (AWPU) typically accounts for approximately three quarters of a schools’ Dedicated Schools Grant (DSG).

There can also be variation in how this £6,000 is calculated, as this is carried out according to the local formula. This can lead to significant variations in the extent to which a school is expected to support SEND from within their own budget. Local figures within Northumberland show that this can range from 3% to 15% of a school’s DSG, depending on the relative measures of deprivation funding within the formula. There are also often large differences between the numbers of children calculated to be supported by the notional SEN budget and the actual numbers within a school. In Northumberland, we have tried to provide additional support to those schools that have more pupils than can be supported by their notional SEN budget, but this has become increasingly challenging, given the pressures around High Needs budgets.

As well as differences in relation to how notional SEN is calculated, there are also, unfortunately, inconsistencies around inclusion. Within Northumberland, the majority of the statutory school age population with EHCPs attend either maintained special schools or independent and non-maintained schools situated either within or outside the county. We would welcome the opportunity for more children with EHCPs to be supported within mainstream school but there is simply not the incentive for schools to do this. The wider

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pressures on all school budgets means that they can no longer provide the level of support needed for children and young people with special educational needs to succeed. This can be a particular issue in terms of retaining experienced SEN teaching assistants, as well as SEN qualified teachers because, as well as finding the first £6,000 from their own resources, additional Top Up funding can be subject to fluctuation as there are often variable numbers of SEN children distributed through school year groups. A large cohort leaving a school is not necessarily matched by numbers joining, and the impact of this is again accentuated within smaller schools where there is simply not the same opportunities for flexibility within the overall budget. Given Northumberland's geography, and the resulting high number of smaller local schools serving rural communities, we are aware of the financial challenges resulting from this.

It should also be remembered that High Needs block funding isn't simply around support to pupils in schools. The number of students aged 18 and over with special educational needs who remain within the education system represents a significant and long term recurring expense as they continue to be supported in special FE institutions, after completing statutory school age and post 16 education.

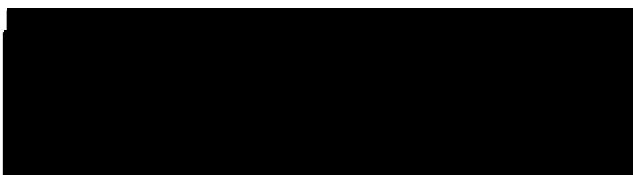
There can also be challenges for a local authority in seeking to hold maintained schools and academies to the same level of account in relation to SEND and inclusion. It is still unclear as to whether the Regional Schools Commissioner (RSC) fully embraces the role of SEND oversight within academies.

Finally, the article indicates that it is a "bugbear" of yours that education does not have long term certainty over its finances. It is understood that the key principle within the system is that the "funding should follow the child". Current funding safeguards within the system are all based on "per pupil" funding such as the "minimum per pupil figures" and the Minimum Funding Guarantee (MFG) but this can cause problems when there are short term fluctuations in pupil numbers, which can be caused by variations in birth rates or parental choice.

This lack of "long term certainty" is also reflected in the lack of detailed information as we move towards the implementation of the National Funding Formula (NFF), which removes any local authority discretion in the setting of values to distribute schools block funding. The uncertainty over any transition arrangements and the management of any deficits as we move towards 2021/22 and the scheduled introduction of the "Hard" National Funding Formula is not helpful for local authorities and restricts the guidance we can provide to our schools and academies.

I hope these observations are of interest and if you require any further information please do not hesitate to contact me.

Yours sincerely

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Councillor Wayne Daley, Deputy Leader and Lead Member for Children's Services,
on behalf of Northumberland School's Forum

CC: Colin Pearson, Schools Forum Chair



Northumberland County Council

The Right Honourable Robert Halfon MP
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Dear Mr Halfon

Education Funding

At our recent School Forum meeting we discussed with interest of your recent contribution to the Education Funding debate in the House of Commons, when you said it was “inexplicable and astonishing” that the health service can have a ten year funding and strategic plan but the education sector does not.

You correctly highlight the anomalies by comparing the £20 billion additional annual NHS funding package, with the £400 million one-off funding set aside for education, with funding restricted to capital spending and therefore not available to assist with the revenue pressures all schools are facing as a combination of pay incremental and inflationary growth, as well as wider price inflation.

In a labour intensive service such as Education, staffing costs often make up 80% of an overall budget, and schools are extremely vulnerable to salary and pension increases that are often outside of their control. While both the Teachers Pay Grants and the recent announcement by the Department that it will “fully fund” the estimated £830 million costs arising from the rise in schools’ contributions to the teachers’ pension scheme, there remains great uncertainty in relation to what will happen beyond 2019/20.

Whilst any additional funding is welcome, there has not been any comparable income in relation to pension pressures arising from other pension scheme contributions. In addition, all schools are reliant on the contribution made by non-teaching staff, and there has been no comparable funding in relation to their increasing costs, often arising from membership of Local Government Pension Schemes

The move towards the National Funding Formula (NFF) may assist in the delivery of a long term funding plan for education but there is currently uncertainty in relation to this. It is understood that the adoption of a hard formula, currently scheduled for 2021/22, is dependent

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upon the outcome of the Comprehensive Spending Review and primary legislation. Even if these elements are achieved, there is still key gaps in the information currently available, such as what will happen to the respective formula values, and other key elements within the NFF such as minimum per pupil values and the Minimum Funding Guarantee (MFG). As it stands, the NFF is a method for the allocation of education funding rather than an objective measure of the costs of delivering education.

There is also uncertainty over any transition arrangements and the management of any deficits as we move towards 2021/22 and the scheduled introduction of the “hard” NFF. This is not helpful for local authorities and restricts the guidance we can provide to our schools and academies.

It is also believed that further guidance and greater consistency would be welcome in relation to funding pupils health related issues while in school. You will be aware that the SEND Code of Practice (2014) does attempt to set out respective responsibilities for maintaining responsibilities within an Education Health and Care Plan, but, too often, responsibility remains with a local authority, as stated in para 9.76 :

“In cases where health care provision or social care provision is to be treated as special educational provision, ultimate responsibility for ensuring that the provision is made rests with the local authority”

Increasingly this will include a local authority meeting costs of specialist support and therapy costs, for example where delivered as part of a special school’s integrated provision. You have previously commented that many schools were :


“having to pay a lot for the health side of special educational needs.”

It is true that schools may have to meet an element of these costs, such as from their notional SEN budgets, but it must also be remembered that these costs are also often borne by local authorities from their High Needs budgets.

Specifically we would welcome guidance from the DfE and DHSC on joint commissioning. CCG's have national guidance under the 'Who pays' guidance and we would support the development of similar guidance for education, health and social care in relation to children and young people with SEND.

I hope these observations are of interest and if you require any further information please do not hesitate to contact me.

Yours sincerely

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