

Schools Forum Document MX Appendix 3

Drafted Response to the DfE's High Needs Block NFF Consultation

Question 1 – Historic Spend Factor

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.

Response: DISAGREE

If the historic commitments factor is within the NFF to reflect the impact of on-going local circumstances on HNB spending then, for Bradford, the 2017/18 budget is far more reflective of our commitments than our 2017/18 outturn. For the 2017/18 budget, we deliberately re-shaped our DSG distribution in order to enable the significant and rapid creation of additional specialist places. Our initial places creation was not completed in 2017/18 but has been subsequently. On this basis, it is our 2017/18 budget, rather than our 2017/18 actual spend, that reflects our true spending commitment. The use of actual spend will simply result in a loss of HNB funding, which is difficult to logically support in this context. An alternative approach, which we would support, would be to use the higher of the 2017/18 budget or the 2017/18 outturn.

Question 2 – Historic Spend Factor

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.

Response: DECREASE THE PERCENTAGE

The proposal to retain or to increase the % in 2022/23 does not feel to be moving the NFF in the direction that we would expect.

The intention of the historic commitments factor, as it was understood in 2017, alongside recognising that local circumstances have varying influence on the costs of HNB provision, was to provide protection as the NFF beds in and as local authority provisions take time to respond to this. 5 years on, this consultation appears to be indicating that this commitments factor, or some alternative to it, is needed to a higher cash value than in 2017/18. However, increasing the protection of historic HNB spend in 2022/23 is contrary to what is happening in other parts of the DSG, such as the reduction in the historic commitments factor in the Central Schools Services Block. We would also argue that Bradford has lost funding in relative terms in other blocks, in particular in the Early Years Block, as a result of NFF reform, which our DSG has already needed to absorb. Although we recognise that there are complicated issues to resolve here, including the impact of local circumstances, it is difficult for us to support a position where, at the same time as managing negative impact elsewhere, our HNB NFF allocation is further reduced to provide greater protection for other authorities that spent more than us in their HNBS 5 years ago. This is what we understand will happen where the % of the HNB NFF allocated through the historic commitments factor is retained or increased. We would expect that the 2022/23 NFF distribution is calculated in the same way as in 2021/22, with the commitments factor remaining cash flat and with the new funding from the DSG settlement allocated via the NFF.

Question 3 – Historic Spend Factor

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).

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.

Response: STRONGLY DISAGREE

If it is agreed that the HNB NFF distribution going forward should reflect where local circumstance, beyond the control of any authority, legitimately increases HNB spending above what the NFF reasonably provides for, then an alternative to historic factors must be used. We would expect the DfE's future consultation on this to very clearly explain what these legitimate circumstances are, why they are not within the influence of any authority, and how there are still current, not historic.

Question 4 – Low Attainment Factor

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.

Response: DISAGREE – CALCULATE THE SAME AS LAST YEAR

Although we understand why this proposal is necessary, one concern we have is that this approach may erode the purpose of using attainment with the NFF. Attainment is meant to be a factor that identifies, better than other proxy measures, the additional needs of individual pupils. Although attainment should very much remain part of the NFF, we wish to suggest that, if the 2019 data is to be used multiple times, then the DfE uplifts the proportion of the HNB NFF in 2022/23 that is allocated on deprivation measures and reduces the attainment proportion, until real time attainment data is available again.

As an alternative, we suggest that the DfE should retain the current 5 year average, at least for 2022/23, instead of using 2019 multiple times to re-calculate this, as this re-calculation would serve to reduce Bradford's HNB NFF funding at a time when the resources available to us to support catch up and recovery need to be maximised. We would suggest that a number of local authorities will argue the same point here. It does not feel logically to follow that, at a time when pupil outcomes are most at risk, the value of NFF funding received by individual authorities via the low prior attainment factor is reduced.

Question 5 – SEND and AP Proxys

This is a general question asking about possible alternative proxy measures to use in the future, for which we are not submitting a response this time.