



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday, 18 March 2021
Title of report:	DfE High Needs National Funding Formula :- Consultation on Proposed Changes
Type of report: Delete as required	For discussion / information
Executive summary: Including reason for submission	The report details the lines of enquiry in the DfE consultation document and provides background information on the operation of the high needs DSG methodology.
Budget / Risk implications:	High Needs DSG formula allocations have a very significant bearing on the affordability of the High Needs budget
Recommendations:	Schools Forum is invited to note the contents of the report
Voting requirements:	None
Appendices: To be attached	Appendix 1 :- Consultation document Appendix 2 :- extract from Online Survey accompanying the consultation document
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Presenting officer: If not the originator	

1.0 PURPOSE OF THE REPORT

- 1.1 This report provides details regarding the DfE consultation into High Needs funding arrangements – issued on February 10th and with a consultation response deadline of March 24th, 2021.
- 1.2 The report provides background information regarding the issues under discussion, and this will be complemented by a presentation to the Schools Forum meeting, to discuss the potential direction of North Yorkshire's response.

2.0 BACKGROUND

Consultation Document

- 2.1. The consultation document itself is attached as **Appendix 1** to this report, and seeks responses to six specific questions – described further below.
- 2.2. In addition, there is an online survey to complete – and the narrative accompanying each of the questions within that document could be regarded as a mini-version of the consultation - and so has been attached as **Appendix 2**.
- 2.3. The overarching context for the consultation is that the DfE are indicating that whilst a full overhaul of the High Needs DSG funding arrangements are required, their view is that this exercise should be informed by the outcomes of the SEN review. No date has been given for the outcomes of the SEN reviews. However, the consultation document details that this will not be in sufficient time to enable the comprehensive review and consultation to happen in time for the 2022-23 financial year. Therefore, this document serves two purposes - to gather feedback on some interim arrangements/" fixes" that could be put in place for 2022-23, and to seek views on the longer term direction of travel.
- 2.4. Questions 1 and 2 seek views on modifying the dataset used to calculate the historic funding factor and to increase the proportion of resources allocated based on that factor - as part of the 2022-23 funding arrangements.
- 2.5. Question 3 seeks a steer relating to the longer-term discussion regarding the funding methodology as to whether other factors / datasets could replace the historic funding factor.
- 2.6. Question 4 is a specific question about low attainment data - and how that factor should be computed for the 2022-23 high needs DSG formula.
- 2.7. Question 5 reverts to the longer-term review of the formula and discusses what measures could be used as proxy measures of need (as opposed to the current collection of factors) and discusses whether there is a place for the number of EHCPs to form part of that calculation.
- 2.8. Question 6 asks for comments on any equalities impact issues.

(High Needs Funding Consultation)

- 2.9. Specifically table 2 in the consultation document details the impact of adopting the proposals in question 1 of the consultation document, and this is explored in more depth because (a) it is the only proposal with specific financial impacts set out in the paper, and (b) it could be a financially significant discussion for the High Needs DSG budget.
- 2.10. This dataset identified that North Yorkshire would gain approximately £2 million in raw terms from the use of actual spending data for 2017-18 (rather than the original assumption of using planned expenditure for 2017-18) to determine the distribution of the historic funding formula factor. Applying the increase in the funding context of 2021-22 data, this would have resulted in an increase of £1.3 million in North Yorkshire DSG allocation. This has been scaled back from the £2 million because the operation of the 12% ceiling would have restricted the additional funding made available. It should be emphasised that this is a notional increase because different funding allocations will be generated in 2022-23. The data in table 2 can also be interpreted to show that 99 local authorities actually spent more than planned in 2017-18 - but only 35 of those authorities stand to gain because of the operation of floors and ceilings to moderate the year-on-year change in funding per pupil.
- 2.11. During the consultation we have received communication from the DfE to the effect that there is an error in the data in table 2 regarding actual spend in 2017-18. It would appear that the Section 251 reporting framework at that point did not capture fully the costs associated with Units in mainstream schools. The DfE have asked all local authorities to confirm data that they have estimated using 2018-19 returns. Whilst this modification will not impact upon North Yorkshire's data – it will have a significant bearing on other local authorities' data. There is not a reassurance from the DfE that the figures in Table 2 retain their validity. The local authority has written to the DfE to request that the consultation is suspended until local authorities have submitted the data requested by the DfE and then to resume the consultation with proposals based on a complete and accurate dataset.

Operation of High Needs DSG Formula (brief overview)

- 2.12. It was considered it would be helpful to provide some background information on the operation of the current High Needs DSG formula - and specifically its impact for North Yorkshire.
- 2.13. The following table provides details of the individual formula factors within the high needs DSG methodology, it details how much funding and what percentage of the national quantum is allocated on the basis of each factor. The report also details where North Yorkshire ranks amongst all 149 local authorities for each formula factor (this analysis has not been included for the miscellaneous adjustment factors - as it is recognised that these have very specific determinants).

Formula Factor	National Quantum (£s million)	% share of High Needs DSG	National Average per pupil	NYCC Per pupil	NYCC Rank (*1)
Basic Entitlement	718.3	9.04	62.11	41.60	130
Historic Spend	2666.6	33.54	230.59	197.93	122
Population	2171.8	27.32	187.79	181.74	n/a

Proxy Factors (further detail below)	2171.6	27.32			
Misc Adjustments / Factors (further detail below)	221.7	2.79			
	7950	100			
Proxy Factors					
Deprivation - fsm	434.3	5.46	37.56	23.91	132
Deprivation - IDACI	434.3	5.46	37.56	12.21	135
Bad health	325.8	4.10	28.17	17.65	143
Disability Factor	325.8	4.10	28.17	22.71	127
KS2 low prior attainment	325.8	4.10	28.17	23.87	125
KS4 low prior attainment	325.8	4.10	28.17	25.85	96
	2171.80	27.32			
Misc Adj / Factors (further detail below)					
Hospital	111.2	1.40	9.62	2.19	
Floor	174.4	2.19	15.08	-12.31	
Limit on Gains	-63.9	-0.80			
Import / Export	0	0.00	0.00		
	221.70	2.79			
Total			688.38	537.36	147

Notes

(*1) Rank indicates position amongst 149 local authorities, with the highest level of funding per pupil being ranked 1st.

2.14. Some notable features from this dataset are that:-

- a) historic funding is the largest single funding factor - and is used to allocate a higher proportion of funding than the young population in each local authority area
- b) North Yorkshire ranked relatively low amongst local authorities on each of the indicators of need and also on the historic funding factor. In addition, the overall level of funding per pupil is the 3rd lowest amongst all local authorities - and is significantly lower than some authorities that we would regard ourselves as having significant similarities.

Next steps

2.15. Our analysis of the implications of these proposals is ongoing – local authority officers will provide a presentation at the schools forum meeting to run through some of the key issues.

3.0 RECOMMENDATIONS

3.1 Schools Forum is invited to note the content of the High Needs consultation, the potential bearing on future DSG allocations, and the local authority's intention to respond to the consultation.

STUART CARLTON
Corporate Director – Children and Young People’s Service

Report prepared by Martin Surtees



Department
for Education

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

Consultation

Launch date: 10th February 2021

Respond by: 24th March 2021

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1. Introduction

- 1.1. We are inviting local authorities in England, schools and colleges, other interested organisations and individuals to respond to specific proposals for a small number of changes to the national funding formula that we will use to allocate high needs funding to local authorities in the 2022-23 financial year. We are also seeking views on some of the longer term changes to the formula that could be considered in future.
- 1.2. High needs funding allocations to local authorities are one aspect of the distribution of funding to schools, colleges and other organisations that make provision for children and young people with special educational needs (SEN), those who are disabled, and those who require alternative provision (AP) because their needs cannot be met in the school they would normally attend.
- 1.3. We are allocating significant increases in high needs funding – an additional £780 million in 2020-21, compared to 2019-20 funding levels, and a further £730 million in 2021-22, bringing the total allocated by the end of next year to over £8 billion. We are aware that many local authorities have in the past spent more on high needs than we have allocated, and therefore want to make sure that we are allocating high needs funding as appropriately and fairly as possible. This is the first stage of our planned review of the high needs national funding formula, first introduced for the allocations of funding to local authorities in 2018-19.
- 1.4. We are currently considering wider SEN and disability (SEND) and AP system changes that could be implemented in future years. The aim of the SEND review, 6 years on from the reforms inaugurated by the Children and Families Act 2014, is to make sure the system is consistent, high quality, sustainable, and integrated across education, health and care. Our AP reforms are intended to improve the behaviour, attendance and post-16 outcomes of young people in AP, and reduce the number who need to stay in that provision long term.
- 1.5. These broader reviews of the SEND system and AP arrangements are likely to have implications for the way that we allocate high needs funding. The pandemic has unavoidably delayed completion of this SEND Review, but our ambition is to publish the review's proposals for consultation in the spring of 2021. We are thinking hard about how best to time and structure that consultation so that families and professionals alike can fully participate and make their views known. But in the meantime, we are continuing to work closely with children, young people and experts across education, health and care to develop policy thinking. We then expect there to be a subsequent further consultation on changes to the distribution of high needs funding consequential on the review, which could be implemented

beyond 2022-23. The development of proposals for longer-term changes following the SEND review, however, does not preclude us from making immediate improvements to the high needs funding formula that we use for allocations in 2022-23. Indeed, we think that it is important to give the opportunity now for people to express views on the ways that we propose the formula is improved for 2022-23, especially given the pressures that local authorities are facing.

- 1.6. The questions we would like answers to are set out in a separate online survey. Please respond using this survey if possible, as other forms of response will not be as easy to analyse, although other formats will be available (see section 1.10). Before you respond to the online survey questions, please read the rest of this document. You do not have to answer all the questions, but in any case, it would be very helpful if you would answer the initial questions so we can see whether you are responding on behalf of a particular type of organisation, or from a specific local authority area in England.

Who this is for

- 1.7. This consultation is for:
 - Local authorities
 - Schools and colleges
 - Any other interested organisations and individuals

Issue date

- 1.8. 10th February 2021

Enquiries

- 1.9. If your enquiry is related to the policy content of the consultation you can contact the team via email:

HighNeedsNFF.CONULTATION@education.gov.uk

If your enquiry is related to the DfE e-consultation website or the process in general, you can contact the DfE Ministerial and Public Communications Division by email:

Consultations.Coordinator@education.gov.uk or by telephone: 0370 000 2288 or via the [DfE Contact us page](#).

Additional copies

1.10. Additional copies are available electronically and can be downloaded from: [GOV.UK DfE consultations](#). Word or pdf versions of questions can exceptionally be made available on contact with HighNeedsNFF.CONULTATION@education.gov.uk.

The response

1.11 The results of the consultation and the Department's response will be [published on GOV.UK](#) following analysis of the responses later in 2021.

2. About this consultation

- 2.1. This consultation is seeking views on possible changes to two specific factors in the high needs national funding formula, which is the formula the department uses to allocate funding to local authorities for children and young people with complex needs.
- 2.2. This national funding formula was first introduced, following extensive consultation, for the calculation of high needs funding allocations to local authorities in 2018-19. Before 2018-19, allocations had been based on each local authority's past spending, and the formula marked a significant and widely welcomed shift towards a fairer distribution of funding to local areas, based on the needs in those areas. Aware that the formula would need to adapt to changing circumstances, we undertook to review it to see if changes were needed after the first four years of its operation.
- 2.3. This first stage of consultation is to consider specific questions about improvements to the formula funding distribution that could be implemented for 2022-23, but which would not pre-empt wider and longer-term changes resulting from the current SEND review or AP reforms. We are also asking a couple of more general questions, the responses to which we hope will help us in taking forward any longer-term changes to the funding arrangements.
- 2.4. Following the 2019 call for evidence on the funding of provision for children and young people with SEND and those requiring AP, and subsequent representations we have received, we are clear that there are a number of other issues relating to the current funding arrangements, but which are not specifically about the national funding formula. For example, there are continuing questions about the expectation that mainstream schools meet the costs up to £6,000 of supporting a pupil with SEND from their core budget, the level of the £10,000 per place funding for special schools and the funding arrangements for young people with SEND in further education. Such issues will be addressed as part of the SEND review and in subsequent consultations.
- 2.5. In this consultation we are asking for views specifically about the way that high needs funding is allocated through the national funding formula, rather than about the overall level of funding. We have already announced that schools and high needs funding will amount to £7.1 billion in 2022-23, compared to 2019-20, and will be looking carefully at how much high needs funding is required nationally in subsequent years as part of the next government spending review.
- 2.6. Annex A sets out further information about the current high needs funding arrangements. Annex B provides further advice on the proposed changes to local authorities' allocations. Annex C sets out the

equalities impact of these proposals.

3. How we use historic levels of local authority expenditure in the funding formula

- 3.1. We know from previous research, carried out prior to the introduction of the current national funding formula, and from more recent data analysis, that the demand for SEND and AP provision varies considerably between areas because of local factors that are outside the direct control of local authorities. Similarly, the supply and pattern of specialist provision in each area varies considerably for a number of reasons, including decisions taken in the past, local authority boundaries and a range of other local factors. Local authorities can influence the demand for and supply of specialist provision, but some changes – such as the building of a new special school – often take several years to implement. The historic spend factor in the national funding formula is the main proxy we currently use for these local demand and supply constraints that can significantly affect local authorities' levels of spending on high needs.
- 3.2. The changes to this factor that we are considering, therefore, are intended to make sure that the funding formula better reflects such local factors that drive the costs of provision locally, and which take time to change.

Proposal to use actual expenditure from 2017-18

- 3.3. In the 2018-19 formula, and the formulae for subsequent years, we have calculated this lump sum element based on 50% of each local authority's planned expenditure on high needs in 2017-18, as reported by the authority for the purpose of establishing a baseline. Now that we have authorities' actual expenditure on high needs for that year, we can see how that has varied from the planning amounts originally submitted to the department. Annex B sets out that variation for each authority.
- 3.4. Actual expenditure on high needs in 2017-18 will be a better representation of past spending levels than the planned spending amounts we used in the initial years of the formula. We do not intend to update this factor on a regular basis using more recent data, as to do so would introduce an incentive on local authorities to spend more in order to attract more funding in future. We therefore propose to replace the current lump sum included in the formula calculation with an amount calculated on the basis of actual expenditure in 2017-18 reported by each local authority. If you wish to respond on this proposal, please answer question 1 on the online survey.

Increasing the proportion of actual expenditure from 2017-18

- 3.5. With the significant increases in high needs funding through the formula since 2018-19, the overall proportion of funding allocated through this factor has reduced considerably, down by 10 percentage points from 44% of funding in 2018-19 to 34% in the 2021-22 formula. Although some local authorities will have been able to make changes that have helped them spend within their high needs funding allocations, for others speed at which this funding has reduced, as a proportion of total high needs funding, will have been greater than the speed at which they have been able to make changes to local patterns of provision, so we are considering whether it would be appropriate to increase the proportion of funding through this factor.
- 3.6. One way of doing that would be to use more recent outturn data, but because we do not intend to use data from more recent years, as explained above, the alternative would be to increase the percentage of the 2017-18 actual expenditure amounts, from 50% to, say, 60%. This would increase the significance of this factor in the 2022-23 formula, reflecting a more gradual pace of change in the pattern of spending that it would be reasonable to expect from local authorities. As an illustration, if the percentage of actual expenditure had been set at 60% of 2017-18 spending levels, the historic spend factor would have made up 40% of the overall 2021-22 formula: a more modest four percentage point reduction since 2018-19.
- 3.7. We would therefore be grateful for views on the option of increasing the percentage of actual expenditure in 2017-18 included in the funding formula calculation. If you wish to respond on this, please answer question 2 on the online survey.

Finding an alternative to the historic spend factor

- 3.8. We are aware that using a past level of spend as a factor in the funding formula is not the perfect long term solution to how we reflect local issues in the funding arrangements. While historic spending reflects local circumstances that should be acknowledged in the funding distribution, it can also reflect aspects of the local system – such as where there is poor value for money – that should not be reinforced through funding allocations. Past levels of spending also reflect the situation in a local area as it was, and, over time, will cease to reflect current patterns of need or demand. Ideally, therefore, we would prefer to replace the historic spend factor with an alternative factor or factors, that better reflect these local issues, and are able to be kept up to date.
- 3.9. Research that was carried out prior to the introduction of the national

funding formula considered the reasons for the differences between spending patterns in local authorities. The research was conducted by the Isos Partnership¹ and reported that in any single area the factors which shaped spending on children and young people with SEND were both complex and multiple. At a higher level, however, they identified three main drivers at play, in addition to the local demographic context that determined underlying needs.

- 3.10. First, parental preference was considered a critical driver of the nature and quantity of different types of provision available in a local area, which shaped how and where money was spent. It was also noted that parental preference is influenced strongly by the quality of relationships and dialogue between parents, providers and authorities.
- 3.11. Second, in their research they found that the capacity and ability of all types of provider in a local area to provide high-quality education for children and young people with SEND, and the readiness of those providers to work together in support of a common endeavour to improve outcomes for all children and young people with SEND, had a significant bearing on how funding was distributed.
- 3.12. Finally, they concluded that the strategic decisions that local authorities make about how they will meet the needs of children and young people with SEND, the pattern of provision that they have, or will, put in place and the centrally commissioned support on offer, will affect how and how much money is spent.
- 3.13. We are considering how far we should reflect this local variation in provision and the consequent funding distribution, and the factors we would use. It is important that any factor we use instead of historic spending does not create perverse incentives: for example, to create more placements in special schools in order to gain more funding, when some of those pupils would make better progress if they were well supported in a mainstream school. Any factor would also need to be “fit for purpose” for use in a funding context: for example, that the data used are collected uniformly across the country, with robust assurance processes in place; and that the data set is relatively stable from year-to-year, so as not to subject local authorities to significant swings in their funding.
- 3.14. The earliest any alternative factors we might use would be introduced into the formula for allocations is 2023-24, following the SEND review and subject to later consultation. Nevertheless, we would be grateful for initial views on both the extent to which the funding formula should

¹See the link to the report written by Isos Partnership: [Research on funding for young people with special educational needs \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

reflect the local demand for and pattern of SEND and AP provision, and the factors we might use. If you wish to respond on this, please answer question 3 on the online survey.

4. Attainment data used in the funding formula

- 4.1. We use low attainment at the end of key stages 2 and 4 as two of the group of proxy indicators of SEND in the national funding formula, because there is a strong association between low attainment and some types of SEND. The formula calculation uses attainment data for pupils living in each local authority area, from the most recent 5 years of key stage 2 tests and GCSE exams (e.g. 2015 to 2019 test and exam results have been used in the formula we published in July 2020 for the 2021-22 allocations). For the 2022-23 funding formula we will not have 2020 key stage 2 test data, or GCSE exam results that would be appropriate to use for this purpose, because of the disruption caused by the pandemic.
- 4.2. We have considered using the same data from 2015 to 2019 as used in the 2021-22 formula, but this series would continue to include older data from before the changes to the tests and exams in 2016. So instead we propose to update the series using 5 years' data from 2016, and to substitute the most recent 2019 data in place of the missing 2020 attainment data.
- 4.3. In view of continuing disruption to the 2021 tests and exams, we are likely to need to take a similar approach in the 2023-24 funding formula, i.e. use the 2019 data in place of both 2020 and 2021 attainment data.
- 4.4. If you wish to give views on how we propose to address the absence of 2020 attainment data, please answer question 4 in the online survey. Section 5 gives further information about our plans for improving this and the other SEND and AP proxies in the formula.

5. Effective proxies for SEND and AP in the formula

- 5.1. Our future development of the funding system must support the outcome of the SEND review, and any changes to the AP arrangements. This is one of the reasons why we are limiting the scope of potential changes to the high needs funding formula for 2022-23, and planning another consultation, likely to be undertaken later in 2021, on further changes to the funding arrangements that will be needed following the SEND review.
- 5.2. As well as the historic spend and low attainment factors referred to in the previous sections, we currently use a measure of the local population of children and young people, 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) – see annex A for more information on how these indicators work together as proxies for SEND.
- 5.3. In responses to previous consultations, it has often been argued that allocations to individual local authorities should be based, at least in part, on the number of children and young people who have education, health and care (EHC) plans. Numbers of EHC plans, however, cannot be used as a robust indicator of underlying need because the way they are used varies considerably across local areas (with no consistent national threshold for requiring an EHC plan), and the number of plans is therefore not necessarily directly associated with the local authority's need to spend. For example, a parent may request an EHC needs assessment because they are worried that without a plan their child will not be admitted to the school that will best meet their needs. Furthermore, there would be a significant risk of introducing a perverse incentive on local authorities to increase the number of EHC plans, despite the bureaucracy involved, beyond those that are really needed to enable children and young people with SEND to receive a good quality education.
- 5.4. The 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 the proxies we use in the funding formula would be appropriate: it is important that the proxies used represent the factors that will best reflect spending pressures on local authorities' SEND services, following any reshaping of those services in the light of the review outcomes. At the next stage of consultation we will also consider whether there are new factors that could either replace

existing factors, for example those that may have become out of date², or that could be added to the formula to address particular types or prevalence of identified need³. In addition, we will also look at how we fund SEND support in mainstream schools.

- 5.5. We would therefore welcome views on how we could improve the proxy factors within the high needs national funding formula. This will then inform our thinking on potential changes to the high needs national funding formula for 2023-24 onwards. If you wish to offer ideas on factors that could be added to the current formula, or that could replace the current proxies, please answer question 5 in the online survey.

² For example, one of the factors we use is data from the 2011 population census that counts the number of children in bad health in a local authority area. However, a question on this is expected to appear in the 2021 population census.

³ For example, although we do not use 19 to 25 population data because the numbers are distorted by the location of higher education institutions, we will look to see whether modification of the 2 to 18 population data would better reflect the underlying needs amongst 19 to 25 year olds that should be met from high needs funding.

6. Conclusion

- 6.1. This consultation forms the first stage of our review of the high needs national funding formula, and focuses on specific proposals for the allocations to local authorities in the 2022-23 financial year. Future consultations will cover further proposals for changes to the formula and to the arrangements for the funding for SEND and AP. An equalities impact assessment has been carried out for the changes that we have proposed in this consultation; see annex C for further details.
- 6.2. If you have any comments on the equalities impact of these proposals for change, please answer question 6 in the online survey.

Annex A: The current high needs funding system

High needs funding is provided to local authorities through the high needs block of the dedicated schools grant (DSG). Local authorities must spend that funding in line with the associated conditions of grant 2021-22⁴, and School and Early Years Finance (England) Regulations⁵ 2021. High needs funding is also provided directly to some schools and colleges⁶ by the Education and Skills Funding Agency (ESFA).

The high needs funding system supports provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25, to enable both local authorities and institutions to meet their statutory duties under the Children and Families Act 2014. High needs funding is also intended to support good quality alternative provision (AP) for pupils of compulsory school age who, because they have been excluded or suspended, or because of illness or other reasons, cannot receive their education in mainstream or special schools.

The high needs funding block provides local authorities with resources for place funding and top-up funding for institutions, and funding for high needs services delivered directly by the authority or under a separate funding agreement with the service provider (including funding devolved to schools and colleges for that purpose), as permitted by regulations.

The high needs funding block of the DSG has, since 2018-19, been distributed by means of a national funding formula applied consistently across all local authorities, that calculates each authority's allocation.

The formula attempts to balance the two fundamental drivers determining local authorities' relative need to spend on high needs:

- the nature of the local SEND system. Within the current formula the basic entitlement, historic spend and hospital education factors are elements of the formula that reflect local issues, for example the number of pupils in special schools; and
- the underlying needs of the population being served. The population and other proxy factors in the formula, which relate to the

⁴ <https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2021-to-2022/dsg-conditions-of-grant-2021-to-2022>

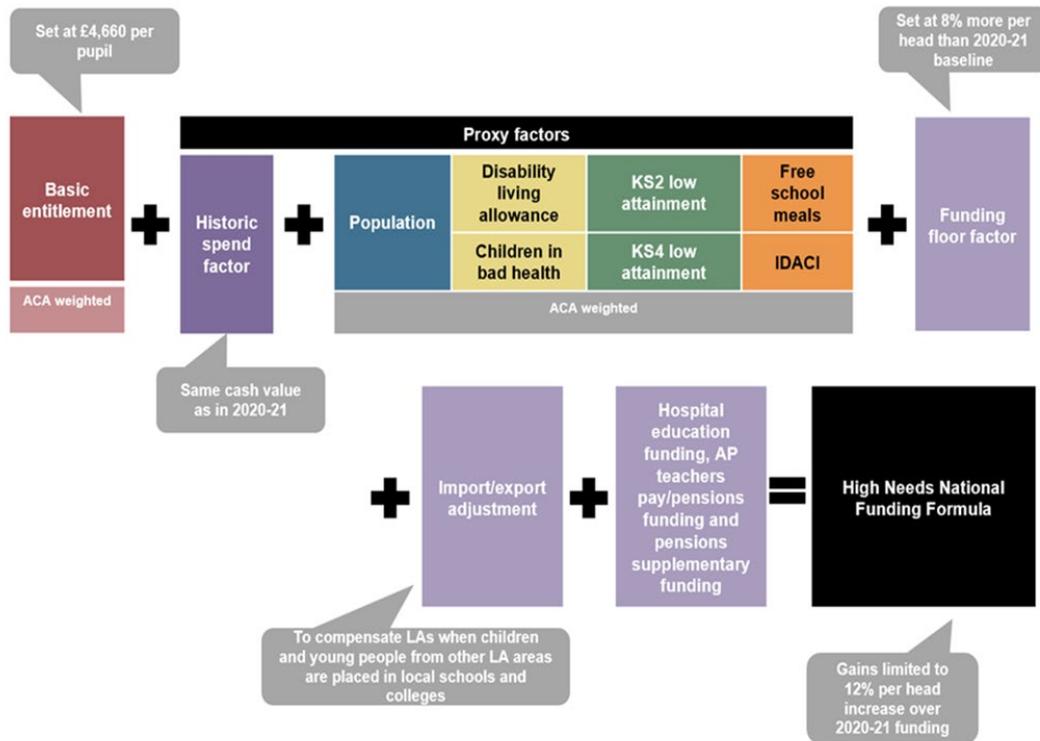
⁵ <https://www.legislation.gov.uk/ukxi/2021/59/made>

⁶ In this consultation we have used the term(s) "schools and colleges" to refer to different types of school, including pupil referral units, academies, free schools, non-maintained special schools and independent schools; and to different types of further education (FE) provider – general FE colleges, independent learning providers and special post-16 institutions (i.e. specialist colleges).

characteristics of the children and young people living in the local authority area, combine together to reflect the level of underlying needs.

Figure 1 below summarises the formula used for the 2021-22 allocations.

Figure 1



For a more detailed account of the operation of the high needs national funding formula in 2021-22 please see the relevant high needs funding formula technical note: [High needs national funding formula: technical note \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Annex B: The impact of the proposed historic spend formula factor changes

1. Annex A has a link to the technical note setting out how the historic spend factor is calculated in the 2021-22 formula. Section 3 of this document explains the proposal to change the values used to calculate this factor from those based on 2017-18 planned expenditure, to amounts based on 2017-18 actual expenditure.
2. The actual expenditure data used to calculate these new historic spend factor amounts is from the 2017-18 section 251 returns from local authorities, and from the deductions made from local authorities' 2017-18 dedicated schools grant high needs block allocations for direct funding by the Education and Skills Funding Agency of places in academies and further education⁷. As for the original calculations, we have used the expenditure lines from the local authority level data as shown in table 1⁸. The calculation of the historic spend factor amount includes adjustments that reduce the historic spend by the amount of the basic entitlement factor, reverse the positive or negative import/export adjustments and subtract the hospital education factor amount⁹.

Table 1

Section 251 lines included
1.0.1 Individual Schools Budget (ISB) (after academy recoupment) ¹⁰
1.2.1 Top up funding - maintained schools
1.2.2 Top-up funding – academies, free schools and colleges
1.2.3 Top-up and other funding – non-maintained and independent providers
1.2.4 Additional high needs targeted funding for mainstream schools and academies
1.2.5 SEN support services
1.2.6 Hospital education services
1.2.7 Other alternative provision services
1.2.8 Support for inclusion

⁷ Places in academies and places in further education – data from [DSG allocations: 2017 to 2018 \(www.gov.uk\)](https://www.gov.uk/government/publications/dsg-allocations-2017-to-2018)

⁸ Data from <https://www.gov.uk/guidance/section-251-2017-to-2018>: note, for all lines NET expenditure has been used.

⁹ Number of pupils in special schools/academies, hospital education funding and import/export adjustments – data from <https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2019-to-2020>

¹⁰ Only expenditure for special schools and PRU/AP schools from this line are included.

Section 251 lines included
1.2.9 Special schools and PRUs in financial difficulty
1.2.10 PFI and BSF costs at special schools, AP/ PRUs and Post 16 institutions only
1.2.11 Direct payments (SEN and disability)
1.2.12 Carbon reduction commitment allowances (PRUs)
1.2.13 Therapies and other health related services
1.4.11 SEN transport

3. Table 2 below shows our calculation of the changes to each local authority's historic spend factor amount. Note that expenditure information is not available for local authorities that have been through boundary changes since 2017-18. For these authorities a simple apportionment has been calculated, based on the apportionment of the historic spend amounts previously provided, to give an indication of the impact.
4. Also in table 2, to give an indication of how the change might impact future allocations of high needs funding, we have applied the new values to the 2021-22 national funding formula, and illustrated what the difference would have been to the underlying percentage increase in each local authority's high needs funding allocation in 2021-22 allocation, compared to 2020-21. It is important to note that the impact would not be exactly the same in 2022-23, because of the other data that will be updated in the formula, and because the overall level of increase will not be the same.

Table 2

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
Barking and Dagenham	£28,123,481	£29,963,071	£12,482,621	£13,321,426	12.0%	12.0%
Barnet	£48,033,977	£49,696,598	£21,625,987	£22,319,136	8.0%	8.0%
Barnsley	£21,530,000	£25,779,319	£9,790,873	£12,003,032	12.0%	12.0%
Bath and North East Somerset	£22,832,000	£25,153,665	£10,085,212	£11,085,669	8.0%	8.0%

¹¹ The underlying percentage increase in protected high needs funding, per head of population, between 2020-21 and 2021-22 - as shown in the high needs NFF tables published in July 2020 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901852/2021-22_NFF_summary_table.xlsx, high needs tab, column H)

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
Bedford Borough	£21,226,000	£21,433,230	£9,199,261	£9,187,433	8.0%	8.0%
Bexley	£32,109,000	£32,420,937	£14,696,026	£14,969,846	8.0%	8.0%
Birmingham	£151,467,000	£156,651,420	£64,002,087	£66,554,193	12.0%	12.0%
Blackburn with Darwen	£18,431,400	£20,450,940	£8,437,360	£9,467,328	11.8%	12.0%
Blackpool	£18,654,000	£19,683,116	£7,681,927	£8,170,825	11.4%	12.0%
Bolton	£33,354,000	£35,826,834	£15,225,444	£16,597,500	10.8%	12.0%
Bournemouth, Christchurch & Poole	£37,175,926	£40,953,138	£17,333,590	£17,333,590	8.0%	8.0%
Bracknell Forest	£15,673,028	£14,378,803	£7,597,056	£6,858,462	8.0%	8.0%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
Bradford	£65,012,779	£59,886,545	£29,371,531	£26,681,153	12.0%	11.9%
Brent	£54,220,000	£51,042,432	£25,953,945	£24,451,239	8.0%	8.0%
Brighton and Hove	£24,850,000	£24,389,722	£11,464,348	£11,250,618	9.5%	8.0%
Bristol, City of	£50,667,390	£54,623,544	£22,148,697	£23,969,597	8.5%	10.8%
Bromley	£47,062,000	£47,433,711	£20,673,297	£20,553,461	8.0%	8.0%
Buckinghamshire	£79,785,000	£78,716,007	£36,813,933	£36,338,943	8.0%	8.0%
Bury	£29,308,032	£33,107,730	£13,645,659	£15,484,374	8.0%	8.0%
Calderdale	£17,665,000	£17,289,930	£8,241,304	£7,998,762	12.0%	12.0%
Cambridgeshire	£65,252,000	£68,003,213	£29,942,834	£31,251,406	8.0%	8.0%
Camden	£34,106,825	£33,553,665	£14,265,132	£13,713,991	8.0%	8.0%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
Central Bedfordshire	£27,406,427	£26,799,073	£11,851,260	£11,532,781	8.5%	8.0%
Cheshire East	£33,924,000	£34,560,731	£16,535,477	£16,610,449	8.0%	8.0%
Cheshire West And Chester	£37,832,252	£37,110,167	£16,317,190	£16,098,213	8.0%	8.0%
Cornwall	£40,068,000	£42,090,683	£18,174,714	£19,091,585	12.0%	12.0%
Coventry	£35,395,000	£34,906,240	£15,160,240	£14,913,197	12.0%	10.6%
Croydon	£58,819,000	£63,375,071	£27,359,993	£29,291,078	8.0%	8.0%
Cumbria	£42,262,637	£40,163,605	£19,720,095	£18,696,566	9.7%	8.0%
Darlington	£12,132,500	£13,901,582	£5,290,397	£6,179,436	10.0%	12.0%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
Derby	£35,175,614	£34,604,099	£15,647,028	£15,216,022	9.8%	8.0%
Derbyshire	£69,402,000	£68,128,711	£33,031,554	£32,566,660	10.1%	8.3%
Devon	£66,640,572	£69,435,158	£30,710,230	£32,150,463	9.8%	10.7%
Doncaster	£28,932,000	£28,418,992	£13,370,279	£12,952,995	12.0%	12.0%
Dorset	£34,997,014	£38,552,839	£15,839,159	£15,839,159	8.0%	8.0%
Dudley	£29,970,000	£30,689,367	£12,381,842	£12,795,964	12.0%	12.0%
Durham	£48,936,000	£52,320,883	£21,460,204	£23,111,816	12.0%	12.0%
Ealing	£52,641,000	£54,584,414	£24,602,556	£25,562,170	8.0%	8.0%
East Riding of Yorkshire	£21,526,496	£21,890,007	£10,156,248	£10,365,504	12.0%	12.0%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
East Sussex	£50,509,000	£48,813,016	£23,239,408	£22,313,217	9.9%	8.0%
Enfield	£44,604,100	£42,678,463	£21,057,172	£20,035,265	8.0%	8.0%
Essex	£131,999,000	£133,464,541	£60,382,948	£60,711,824	9.1%	8.2%
Gateshead	£21,779,000	£23,423,725	£9,741,377	£10,309,739	10.1%	11.5%
Gloucestershire	£57,213,334	£58,888,867	£25,651,202	£26,413,962	9.3%	9.5%
Greenwich	£46,008,431	£45,126,204	£20,822,255	£20,425,393	8.0%	8.0%
Hackney	£41,304,614	£42,072,650	£19,442,307	£19,672,343	8.0%	8.0%
Halton	£16,559,000	£16,744,464	£7,353,514	£7,415,620	10.4%	9.7%
Hammersmith and Fulham	£20,080,000	£25,328,053	£7,957,023	£10,323,708	10.0%	12.0%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
Hampshire	£107,228,000	£112,142,615	£46,009,539	£48,219,193	11.9%	12.0%
Haringey	£35,854,000	£37,301,947	£16,458,948	£17,671,816	8.0%	9.3%
Harrow	£32,204,396	£33,935,112	£14,670,609	£16,183,194	8.0%	8.0%
Hartlepool	£10,661,230	£11,055,775	£4,691,163	£4,830,435	12.0%	12.0%
Havering	£22,698,263	£23,104,218	£10,603,814	£10,864,176	8.0%	8.0%
Herefordshire	£14,329,000	£15,228,453	£6,405,621	£6,835,457	10.1%	11.7%
Hertfordshire	£104,161,000	£96,035,672	£45,998,113	£41,684,508	9.7%	8.0%
Hillingdon	£35,130,000	£37,901,510	£15,937,975	£16,531,207	8.0%	8.0%
Hounslow	£46,277,000	£43,969,262	£21,161,149	£19,770,158	8.0%	8.0%
Isle of Wight	£14,878,000	£15,125,330	£6,947,456	£7,026,538	8.8%	8.2%

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Islington	£27,605,000	£25,704,986	£12,796,427	£11,849,000	8.5%	8.0%
Kensington and Chelsea	£16,005,000	£18,475,045	£6,809,805	£7,826,422	9.2%	12.0%
Kent	£198,170,384	£201,319,968	£87,889,671	£89,111,010	8.0%	8.0%
Kingston upon Hull, City of	£27,369,000	£29,452,088	£12,464,500	£13,392,044	11.4%	12.0%
Kingston upon Thames	£20,455,000	£24,387,628	£8,976,122	£10,170,298	8.0%	8.0%
Kirklees	£34,398,000	£38,359,762	£15,415,901	£17,431,771	12.0%	12.0%
Knowsley	£19,610,000	£20,250,367	£8,859,253	£9,500,775	9.6%	11.3%
Lambeth	£41,803,000	£43,202,050	£19,484,987	£20,045,053	8.0%	8.0%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
Lancashire	£107,475,969	£115,344,201	£48,059,906	£51,674,972	10.8%	12.0%
Leeds	£64,812,672	£62,965,901	£29,213,162	£27,961,776	12.0%	12.0%
Leicester	£48,130,000	£49,712,326	£21,035,562	£21,695,560	9.1%	9.3%
Leicestershire	£66,021,052	£65,600,503	£29,719,333	£29,322,935	8.0%	8.0%
Lewisham	£50,703,795	£49,918,291	£23,746,610	£23,726,543	8.0%	8.0%
Lincolnshire	£81,631,706	£71,806,451	£36,453,765	£31,452,152	8.0%	8.0%
Liverpool	£46,055,754	£45,044,591	£19,616,464	£18,952,957	12.0%	12.0%
Luton	£27,392,047	£25,796,378	£12,903,647	£12,011,509	8.9%	8.0%
Manchester	£70,934,000	£73,933,742	£31,740,266	£32,949,888	10.3%	10.6%
Medway	£37,383,544	£37,937,026	£16,183,808	£16,332,538	8.0%	8.0%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
Merton	£32,356,000	£32,931,007	£15,277,871	£15,727,827	8.0%	8.0%
Middlesbrough	£23,289,000	£25,176,850	£9,124,362	£9,896,952	10.8%	12.0%
Milton Keynes	£39,034,784	£36,313,678	£17,544,196	£16,156,659	8.0%	8.0%
Newcastle upon Tyne	£35,824,000	£34,006,268	£15,267,989	£13,369,798	10.2%	8.0%
Newham	£47,501,000	£45,495,509	£22,742,098	£21,748,357	8.0%	8.0%
Norfolk	£77,048,000	£87,591,102	£34,785,120	£40,128,171	8.9%	12.0%
North East Lincolnshire	£17,110,000	£18,008,607	£7,857,000	£8,273,304	10.9%	11.9%
North Lincolnshire	£15,742,247	£16,651,091	£7,245,123	£7,858,045	10.4%	12.0%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
North Northamptonshire	£31,726,993	£31,060,819	£13,939,813	£13,566,355	8.4%	8.0%
North Somerset	£23,072,107	£23,628,641	£10,738,608	£11,021,194	8.0%	8.0%
North Tyneside	£20,261,000	£18,699,163	£8,781,008	£8,159,089	11.1%	8.0%
North Yorkshire	£47,902,000	£51,451,351	£22,572,000	£24,505,176	9.6%	12.0%
Northumberland	£32,233,000	£33,395,315	£14,918,567	£15,395,725	11.1%	11.4%
Nottingham	£29,440,298	£34,060,022	£13,233,330	£15,004,616	12.0%	12.0%
Nottinghamshire	£60,464,237	£64,551,368	£28,901,777	£31,044,551	12.0%	12.0%
Oldham	£29,919,445	£31,747,525	£13,051,513	£13,860,004	12.0%	12.0%
Oxfordshire	£58,980,000	£60,766,723	£25,631,572	£26,274,593	10.0%	9.8%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
Peterborough	£27,943,570	£28,817,087	£12,304,297	£12,617,135	9.6%	9.5%
Plymouth	£29,624,000	£30,040,088	£12,706,156	£12,964,070	9.5%	9.2%
Portsmouth	£19,459,000	£18,237,402	£8,202,242	£7,563,214	12.0%	12.0%
Reading	£19,261,400	£20,163,658	£9,816,786	£10,315,234	8.0%	8.0%
Redbridge	£41,789,615	£43,176,345	£19,881,199	£20,782,845	8.0%	8.0%
Redcar and Cleveland	£16,108,173	£16,478,324	£7,212,513	£7,373,918	10.8%	10.6%
Richmond upon Thames	£24,910,000	£27,165,046	£11,202,856	£12,371,588	8.0%	8.0%
Rochdale	£21,538,000	£22,663,846	£9,880,294	£10,304,355	12.0%	12.0%

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Rotherham	£28,730,000	£33,249,674	£12,800,816	£14,877,653	11.1%	12.0%
Rutland	£3,882,327	£3,448,267	£1,894,017	£1,693,987	8.0%	8.0%
Salford	£31,575,000	£35,089,051	£14,295,170	£16,014,719	10.4%	12.0%
Sandwell	£38,667,228	£38,192,391	£17,549,646	£17,231,074	10.1%	8.2%
Sefton	£27,556,000	£27,547,001	£12,282,358	£12,180,760	10.5%	9.0%
Sheffield	£52,725,000	£52,767,461	£23,206,115	£23,063,010	12.0%	12.0%
Shropshire	£25,079,000	£25,542,102	£11,933,200	£12,168,226	10.5%	10.2%
Slough	£23,221,000	£25,288,162	£10,435,307	£11,541,586	8.0%	8.0%
Solihull	£26,742,580	£27,512,008	£11,670,480	£12,002,001	8.0%	8.0%
Somerset	£49,758,400	£52,180,559	£22,689,838	£23,992,388	10.0%	11.3%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
South Gloucestershire	£31,202,526	£35,908,047	£14,310,432	£16,723,983	8.0%	8.0%
South Tyneside	£17,097,000	£16,577,345	£7,344,925	£6,935,097	11.3%	8.0%
Southampton	£22,619,942	£25,112,958	£10,168,037	£11,421,113	10.1%	12.0%
Southend-on-Sea	£17,783,562	£18,284,005	£7,495,531	£7,673,752	12.0%	11.6%
Southwark	£42,884,908	£51,618,450	£19,286,806	£23,588,536	8.1%	12.0%
St Helens	£21,669,000	£20,696,332	£9,921,978	£9,154,127	9.2%	8.0%
Staffordshire	£71,442,921	£75,709,634	£30,027,599	£31,824,286	10.6%	11.8%
Stockport	£29,822,000	£29,734,568	£13,727,728	£13,532,039	9.3%	8.0%
Stockton-on-Tees	£25,035,326	£25,312,656	£11,114,311	£11,335,351	10.3%	10.1%

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Stoke-on-Trent	£29,493,037	£36,139,084	£13,774,243	£16,951,354	10.9%	12.0%
Suffolk	£57,940,447	£58,766,773	£26,558,785	£26,572,841	10.5%	9.3%
Sunderland	£23,186,530	£22,798,372	£9,905,450	£9,856,871	12.0%	12.0%
Surrey	£142,348,000	£147,055,349	£64,484,117	£66,417,221	8.0%	8.0%
Sutton	£36,954,000	£35,897,090	£16,830,505	£15,836,843	8.0%	8.0%
Swindon	£30,232,000	£30,114,410	£13,470,520	£13,406,324	8.0%	8.0%
Tameside	£19,028,045	£19,298,827	£8,655,813	£8,772,385	12.0%	12.0%
Telford and Wrekin	£20,801,209	£21,197,631	£9,156,063	£9,296,174	9.4%	8.9%
Thurrock	£22,444,000	£24,655,929	£10,295,138	£11,488,693	8.0%	11.2%
Torbay	£17,218,000	£18,899,388	£7,179,459	£7,930,828	9.6%	12.0%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
Tower Hamlets	£46,677,410	£47,094,720	£21,058,113	£20,835,296	8.0%	8.0%
Trafford	£25,038,000	£25,547,970	£11,396,274	£11,676,365	8.0%	8.0%
Wakefield	£28,074,000	£30,298,748	£12,587,527	£13,647,974	12.0%	12.0%
Walsall	£29,893,640	£29,300,096	£13,562,165	£13,103,926	12.0%	12.0%
Waltham Forest	£36,047,353	£37,427,505	£15,661,426	£16,334,578	8.0%	8.0%
Wandsworth	£43,284,977	£40,731,670	£17,844,426	£16,787,764	8.0%	8.0%
Warrington	£20,096,525	£21,524,241	£9,013,192	£9,675,828	9.4%	11.4%
Warwickshire	£59,201,333	£60,491,309	£26,627,879	£27,044,981	8.0%	8.0%
West Berkshire	£20,056,000	£19,611,347	£8,419,066	£8,222,127	8.0%	8.0%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22 ¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
West Northamptonshire	£37,324,588	£36,540,882	£16,399,215	£15,959,868	9.9%	8.7%
West Sussex	£77,406,000	£75,663,821	£34,641,903	£33,583,219	9.6%	8.0%
Westminster	£24,756,000	£23,943,920	£11,439,465	£10,941,779	8.0%	8.0%
Wigan	£27,444,000	£27,865,018	£12,527,873	£12,658,559	12.0%	12.0%
Wiltshire	£47,147,500	£44,709,479	£21,322,449	£20,105,850	9.4%	8.0%
Windsor and Maidenhead	£18,718,500	£19,336,963	£8,239,495	£8,413,116	8.0%	8.0%
Wirral	£35,061,200	£34,136,451	£14,518,418	£13,924,046	12.0%	9.2%
Wokingham	£18,049,608	£19,306,041	£8,420,712	£9,054,679	8.0%	8.0%

LA Name	Current 2017-18 baseline used for historic spend factor	2017-18 actual expenditure amount we propose to use in future	Original funding through the historic spend factor	Proposed level of funding through the historic spend factor	Actual % increase in high needs allocations between 20-21 and 21-22¹¹	Theoretical % increase in high needs funding allocations between 20-21 and 21-22 (using the proposed historic spend factor)
Wolverhampton	£33,071,000	£31,224,735	£14,420,809	£13,344,136	9.5%	8.0%
Worcestershire	£48,080,000	£50,445,094	£21,006,015	£22,199,767	10.8%	11.8%
York	£18,417,903	£18,711,381	£7,994,161	£8,024,818	8.0%	8.0%

5. The different historic spend amounts, if used in the 2021-22 national funding formula calculations, would have meant that 47% of authorities would have experienced a change in their allocations, with 35 receiving a larger increase and 36 receiving a smaller increase. For 79 authorities, the effect of the 8% funding floor and the 12% limit on gains would have been to override the impact of the change in the historic spend factor value.
6. If a local authority wishes to query the amounts in table 2 above, please send the enquiry to HighNeedsNFF.CONSULTATION@education.gov.uk by the end of the consultation period.

Annex C: The high needs NFF consultation equalities impact assesment

The Public Sector Equality Duty

1. The Equality Act 2010 identifies the following as protected characteristics for the public sector equality duty:
 - Age
 - Disability
 - Gender Reassignment
 - Pregnancy and Maternity
 - Race (including ethnicity)
 - Religion or belief
 - Sex
 - Sexual orientation

2. Under Section 149 of the Equality Act 2010, the Secretary of State is under a duty to have due regard to the need to:
 - a. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, in particular the need to:
 - remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
 - c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it, in particular the need to:
 - tackle prejudice, and
 - promote understanding.

What we are proposing in this consultation package

3. This consultation sets out proposed changes to the high needs national funding formula for 2022-23, and seeks views on some aspects of the formula that we are looking to change in future years. The formula calculates funding allocations to local authorities for the education of children and young people with special educational needs and disabilities (SEND) or those who require alternative provision (AP). Local authorities distribute this funding to schools, colleges and other providers.

Consideration of the protected characteristics identified in the Equality Act 2010

4. This is an assessment, pursuant to the public sector equality duty, of the potential impact of these proposals. The Equality Act 2010 identifies eight protected characteristics, as set out in paragraph 1. Our initial assessment is that our funding reform proposals may impact positively on children and young people with a disability by improving the local authority level distribution of resources they can access, and so better matching available resources to need. We have no evidence to suggest there would be a negative impact, either on those with a disability, or on those young people with other protected characteristics. We welcome stakeholder feedback on this topic.

Consultation question

5. We welcome your views on the equalities impact of our proposals for change. If you do have any comments on the impact that these proposals may have on equality, please let us know by answering question 6 within this questionnaire.



Department
for Education

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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:

in general we would oppose the use of actual expenditure on the grounds that it provides a perverse incentive to local authorities to effectively manage their resources
 however we consider there is a strong trail that north Yorkshire's position as a relatively low funded authority, with an initial relatively low level of specialist provision (and consequently low historic spend), combined with an above average increase in the number of pupils with EHCPs, have all contributed to the spending pressure on the high needs budget that is reflected in the section 251 data
 consequently bearing in mind that this proposal has been presented as a short-term remedy, we would support its implementation

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:

Whilst a significant number of authorities have faced significant budgetary pressures, there is no evidence base that there pressures have been more acute in those authorities with high levels of historic funding

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

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:

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.