

## MUNICIPAL YEAR 2017/2018 REPORT NO. 2

### MEETING TITLE AND DATE:

Schools Forum 14 June 17

### REPORT OF:

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	<b>Item: 5b</b>
<b>Subject: Pupils with High Needs in Mainstream Schools</b>	

### 1. EXECUTIVE SUMMARY

This report provides an update on the review carried out to assess the impact of the changes to the funding arrangements for supporting pupils with high needs in mainstream schools.

### 2. RECOMMENDATIONS

The Forum is asked to note and comment this report.

### 3 BACKGROUND

3.1 When the DfE introduced the current funding arrangements, in 2013/14, the main schools' funding formula included the concept of notional SEND, rather than identifying SEND funding as a formula factor. At this time, local authorities were required to specify and report on how much of the Schools block funding received by schools constituted the notional SEND budget.

3.2 The DfE's expectation in developing the SEND funding arrangements was for the education cost for pupils with SEND would be met jointly by educational institutes and local authorities. Table 1 below illustrates the DfE requirements for:

- School to fund the per pupil amount (Element 1) and additional support (Element 2)
- Local authorities: to fund any top for pupils with Education Health and Care plans (EHCP) requiring support costing more than £6k (Element 3).

**Table 1: SEND Funding**

		Pre SEND & AP		Post SEND & LLD	
		Mainstream Schools	Specialist Settings	All Settings	
Schools block	Element 1: Core Education	<b>Individual School budget:</b> Per Pupil (AWPU) funding	<b>Individual Setting budget:</b> £10k per agreed place	<b>Individual Setting budget:</b> Per Pupil funding	Post 16 Funding block
	Element 2: Additional Support	<b>Individual School budget:</b> Contribute 1st £6k to support all pupils with SEND from Notional SEND		<b>Individual Setting Budget:</b> Contribute 1st £6k to support all pupils with SEND from Notional SEND	
High Needs Block	Element 3: Top Up	<b>LA</b> Top up funding for support cost above £6ks for each pupil with SEND & commissioned places		High Needs Block	

#### 3.3 Local Arrangements from 2013/14

Enfield's historical spend was considered and used to report to the DfE on the amount of notional SEND within the Schools block.

3.4 Following consultation and the views of the Schools Forum, it was agreed that the Local Authority would provide the full cost, that is, the notional SEND (Element 2) and top up (Element 3) for all pupils with SEND from the High Needs block. The reason, this was initially agreed was because the DfE proposals did not allow any flexibility within the funding formula to support the more inclusive schools. So, schools considered it fairer to meet the full costs of all pupils.

3.5 For 2014/15, following considerable lobbying, the DfE changed their initial requirements to enable local authorities to support the more inclusive schools. The revised guidance to support inclusive school confirms:

*Where individual pupils require additional support that costs more than £6,000, the excess should be met by top-up funding associated with the individual pupil. Top-up funding rates are for local authorities to agree with schools and academies, and should reflect both the needs of the individual and the cost of meeting those needs.*

*Local authorities should continue to provide additional funding outside the main funding formula for mainstream schools and academies on a consistent and fair basis where the number of their high needs pupils cannot be reflected adequately in their formula funding. They should define the circumstances in which additional funding will be provided from their high needs budget.*

*Similarly, additional funding can also be provided where there are a disproportionate number of pupils with a particular type of SEND. For example, a primary school may have developed a reputation for meeting the needs of high achieving pupils with autistic spectrum disorder, or pupils with physical disabilities, and it is not possible to target additional funding to the school through the prior attainment or other factors in the local formula.*

It was decided not to amend the local arrangements to reflect the new changed guidance until the proposals for the national funding formula had been published and known.

3.6 In December 2016, the DfE published proposals for the national funding formula and these confirmed:

- The continuation of the notional SEND budget within the Schools Block;
- The use the spending plans (excluding any in-year overspend) in 2017/18 to inform future budgets for the Schools, Central and High Needs Block;
- Reducing flexibility in movement of funds between the DSG blocks.

For these reasons and also the on-going pressure on the high needs block, the Authority decided not to continue to fund the notional SEND (Element 2) for all pupils with an EHCP and only fund where a school had a disproportionate number of pupils with high level of SEND.

3.7 When considering and developing the new arrangements, the Authority sought information from other local authorities (OLAs) to ascertain whether other authorities:

- Met the notional SEND (Element 2) for all pupils with EHCP;
- Had arrangements to fund schools with a disproportionate number of pupils with SEND, or;
- The notional SEND budget did not adequately reflect the cost of pupils with EHCP.

From the information obtained from OLAs, it was found:

- No OLAs funded the notional SEND (Element 2) for pupils with EHCP.
- Some OLAs had local arrangements for supporting inclusive schools with a disproportionate number of pupils;
- Some OLAs had arrangements in place to test and ensure that their funding formula treated all schools fairly.

3.8 The changes in the funding arrangements which the Authority then decided to implement meant a reduction in funding for schools from the High Needs block.

3.9 As requested by the Schools Forum, this paper provides an update on the notional SEND funding within the individual school budgets and considers possible options to ameliorate the reductions in funding for schools from the High Needs block.

## 4 UPDATE

### 4.1 Notional SEND (Element 2)

The notional SEND budget, as reported to the DfE, has been reviewed to assess:

- How the use of historical factors and proportions compares with OLAs;
- Whether all schools receive sufficient funding for the notional SEND (Element 2) through the formula to support all pupils with SEND including those with EHCP.

To carry out the review, the DfE summary of local authorities' formulae and unit values was used. The DfE document can be found on the DfE website at: <https://www.gov.uk/guidance/schools-block-funding-formulae-2017-to-2018>.

The review highlighted:

- The pupil led factors used and the percentages applied by each local authority varied considerably with some authorities choosing to use one or two factors and other choosing to use all the available factors.
- Following a comparison of the factors and percentage used by Enfield with our statistical neighbours and outer London Authorities, it was found that the majority of the factors and percentages applied by Enfield's were within the range used by OLAs with the exception of the IDACI element of deprivation which, where used, Enfield's percentage is considerably lower than the OLAs.

The total funding attributable to notional SEND (Element 2) in Enfield is £22.1m (9%). This is average when compared to our statistical neighbours and outer London authorities.

The DfE analysis states '.... at overall local authority level, the notional SEN budget in 2017 to 2018 varies as a percentage of the total schools block formula allocation (before the application of MFG, capping and scaling). Some 125 (82%) of authorities are allocating between 5% and 15% of schools block funding as notional SEN.

*The overall percentage of formula allocation which is designated as the notional SEN budget across all local authorities is 10%, the same as in 2014 to 2015, 2015 to 2016 and 2016 to 2017. The median notional SEN allocation is 8.8%. However, as the chart shows, like last year there is a wide variation across local authorities'.*

Appendix A provides a copy of the full local analysis of the factors and percentages used by Enfield's Statistical Neighbours and outer London authorities.

### 4.3 Analysis

The analysis confirmed that the funding provided through the formula and the notional SEND (element 2) was fair and provided sufficient funding for all schools to meet the needs of all pupils, including those with an EHCP.

When the new arrangements, of funding above average incident (see appendix B) are factored into the funding provided to schools, then all schools receive sufficient funding to meet the needs of all pupils including those with an EHCP.

### 4.4 Financial Position

Generally, when considering transitional arrangements for a formula review, the losses are usually funded by capping the gains. In this instance, this was not considered formula review and there were no gainers.

As advised elsewhere on this agenda, the latest monitor for the High Needs block is forecasting an overspend of £1.8m, but based the trend in previous years is likely to increase during the year. If transitional arrangements are to be considered, then these need to be considered carefully with an acknowledgement that they will add to the projected overspend.

#### 4.5 Options for transitional support

Due to the implementation of the national funding formula, it is unlikely that resources will be available to offset this overspend. For this reason, the Authority will need to recommend a cap of £200k for any transitional support.

The options, which have been identified, are as follows:

- (a) Protect schools seeing a reduction in funding above 50% by limiting the reduction to 42%;
- (b) Protect schools seeing a reduction in funding above £50k by funding 20% of the reduction;
- (c) Protect the impact of the change for schools with more than 6 pupils with EHCP by funding 17% of the reduction;
- (d) Protect schools that are adversely impacted by the change when compared with their notional SEND budget (Element 2) (this excludes the per pupil amount and £12k in lump sum for notional SEND). This option sought to:
  - quantify the notional SEND budget allocated to each school and
  - the impact of the change on the funding provided under Element 2.

For example:

School	Change due new Formula	FSM (30%)*	IDACI (4%)*	EAL (20%)*	PA (100%)*	Mob (25%)*	Total	Balance	Transitional Support
A	£24,000	£4,543	£4.6	£1,296	£24,912	-	£30,755	£6,755	-

\* Percentage of funding ascribed for Notional SEND

This showed that there was no detrimental effect for any school.

- (e) Protect schools that had experienced a detrimental effect, if an assumed percentage of the total AEN budget was deemed to support high level of SEND. This option sought to:
  - Quantify the total AEN budget, then;
  - The impact of the changes if assumed 22% of the total AEN budget supported notional SEN.

For example:

School	Change for new Formula	FSM Total	IDACI Total	EAL Total	PA Total	Mob Total	Total	Balance 22% Element 2	Transitional Support
A	£24,000	£15,143	£115	£6,479	£24,912	-	£46,649	-£13,737	£13,737
B	£24,000	£107,513	£14,654	£71,307	£75,571	0	£269,045	£35,190	-

Appendix B provides information on the effect of each option for transitional support.

- 5 The information and proposals contained in this report were discussed with the Education Resources Group and the Headteachers' view was that transitional support should be provided retrospectively and their preferred option was Option C (as detailed in paragraph 4.5 above). It was highlighted that any transitional support would add further financial pressure on the High Needs block, but the Headteachers' felt schools should be supported with this change. Furthermore, it was requested that the total available for transitional support should be increased to £400k to recognise the level of change in funding schools were being required to manage.
- 6 The Authority's view is that if the Forum considers that transitional support should be provided that the total funding available should remain at £200k. This is because of the increased pressure that the transitional support will add to the High Needs block. If the Forum is of the view that the total sum available should be increased to £400k, then the Authority would consider this and would ask the Forum to be mindful that they will need to consider and authorise a greater overspend of the High Needs block.
- 7 Members are asked to consider the proposal for transitional support and, if pursued, agree to the DSG overspending.