

**Mainstream funding for Northumberland schools:
A description of current arrangements and allocations with options for adjustments to
address SEND financial pressures**

Alan Carrick, SEND Commissioner, Northumberland County Council
November 2016

Context

This report was written to address a number of questions raised in the Schools Forum meeting of 29 September 2016. At that meeting members were informed that the predicted overspend in the High Needs Block by March 2017 is around £1.5 million. Alan Carrick proposed that around £2.1 million of High Needs Block funding for SEND services into mainstream schools be moved to an SLA model instead, creating a new 1.5% overall budget pressure on the mainstream funding available to schools via the Schools Block. The funding released in the High Needs Block would clear the current overspend, prevent further overspends and allow space for the costs of an increasing number of High Needs top ups and places in specialist schools.

The proposal was considered by the Forum members and questions were asked about the affordability of this change for individual mainstream schools. How would this or other funding solutions affect individual schools differently? How fair and affordable would the changes be for each school?

Questions were also asked about whether other changes to local arrangements for payment of High Needs top ups could be made i.e. are there also other ways pressure on High Needs Block could be reduced? Could the schools in the most advantageous financial positions call upon existing funding rather than have further allocations from High Needs Block? The financial advantage some schools have could be derived from one or more of these factors: high mainstream funding due to high prevalence SEND formula-funding characteristics; high Pupil Premium allocation; annual surplus currently available; relatively low number of SEND on roll; relatively low numbers of SEND High Needs learners on roll.

A school with comparatively high mainstream formula funding due to deprivation factors is most likely to have higher Pupil Premium funding for the same reasons. If they also have comparatively high SEND prevalence the balance of funding vs learners requiring additional resources will be equitable. However, if a school has high income and low SEND, or vice versa, the equitability may not be there. Those schools with low income and high SEND will be least able to afford new SEND SLAs whilst also requiring those services the most.

This paper seeks to set out those factors for all Northumberland mainstream schools, demonstrating the affordability factors for each school should they be required from April 2017 or September 2017 to fund SEND services from their main budget share rather than from the central High Needs Block.

The paper also looks at specific suggestions colleagues have made, looking for other ways to adjust local SEND funding arrangements in ways which are fair and sustainable. The analysis describes the legal / procedural implications, the impact upon budgets of schools in different circumstances and to what degree this would help to resolve the SEND overspend within Northumberland schools funding.

Data

The data used for this study is from two main sources:

- Budget allocations made to schools for the financial year beginning April 2016
- Schools census returns May 2016. This data also includes schools' declarations in January 2016 as to which of their learners have SEND, which SEND learners are or are not in receipt of High Needs top up funding, Pupil Premium learners and the prevalence of these learners within the context of the school as a whole.

There have been significant changes for some schools in September 2016. Some new SEND learners will have joined the school and some have left. Some learners will have had adjustments made to their SEND or financial status. The impact of this will be more significant in some smaller schools. Further censuses in October 2016 and January 2017 (which includes the SEND census) will allow us to adjust our calculations before the 2017-2018 financial year, where appropriate.

Why do similarly sized mainstream schools have different levels of funding available for SEND?

- Pupil Premium

Schools have different numbers of children who qualify for Pupil Premium (PP). Although entitlement is not triggered by SEND factors and Pupil Premium is not referred to in the SEND Code of Practice, in truth there are large numbers of PP learners who are also SEND. The purpose of PP is often the same as SEND funding: to help vulnerable children overcome barriers to learning with measurable results.

Schools with higher allocations of PP will usually have more funding available to support specific SEND learners on roll.

- Notional SEND funding (also called Element 2)

Local Authorities are required by the EFA to set a Notional SEND budget for each school/academy. They have discretion to use any of the formula funding factors to create the Notional SEND budget.

In Northumberland the formula factors used for this purpose are:

- IDACI
- Free School Meals
- Prior Low Attainment
- Lump Sum

Percentages of these factors are specified via Schools Forum and in combination lead to the Element 2 Notional SEND Formula Funding.

The EFA do not allow SEND learner data to be taken into account... even though this is a notional SEND fund. During national consultations in 2012 it was thought allowing school SEND data to be included would create a perverse incentive to over identify SEND for financial reasons. As the national system stands now, there is no financial benefit to a school to identify more learners who are SEN Support (i.e. the old School Action and School Action Plus).

- High Needs top up funding (also called Element 3)

However, there is currently a financial incentive to identify High Needs SEND learners in mainstream schools. If a learner's SEND needs exceed £6,000 of annual provision that can be made from the school Element 2 resources, the learner may be entitled to High Needs top-up funding.

The most common measure of this in Northumberland is learners who need more than 14-15 hours per week of long-term personal support.

At present, every new successful application for High Needs funding leads to an additional funding allocation to the school. High Needs funding is a 0-25 years system, so the same applies pro-rata to pre-school children and post-16 / adult learners in training or education. For adults it is only those with EHC Plans.

- Annual lump sum

This annual payment to all schools - £110,000 - is not normally taken into account when considering matters of SEND funding. We have included lump sum in our calculations because it is part of the standard funding potentially available to schools to meet SEND requirements and could also become a source of annual surplus in some schools.

For very small schools, you will see the per-pupil funding available in those schools appears to be very high. The per-pupil figure is inflated due to the exaggerated effect of the lump sum within the core budget. In very small schools the lump sum constitutes the majority of the overall budget.

What are the different levels of per-pupil income in Northumberland mainstream schools?

See Appendix A

When the combined total of lump sum, Element 1 place funding and Element 2 notional SEND are combined and then shared by number of learners on roll the distribution within 164 schools is as follows:

£ per pupil	£3,000 to £3,499	£3,500 to £3,999	£4,000 to £4,499	£4,500 to £4,999	£5,000 to £5,499	£5,500 to £5,999	£6,000 to £6,999	£7,000 to £9,999	£10,000 or more
School	7	37	34	34	19	8	12	8	5

s										
---	--	--	--	--	--	--	--	--	--	--

The figures do not include High Needs top-up funding or Pupil Premium.

The majority of schools (105 of 164) are funded within a range of £3,500 to £4,999 per pupil, with a large minority funded at significantly higher or lower levels.

Even the 'typical range' highlighted above is very wide, with up to £1,500 per pupil difference for each learner. In truth, there is no typical level of core funding on which to base an affordability of SEND services via SLAs.

The movement of around £2.1 million into schools block would cause just up to 1.5% budget pressure across the mainstream schools block as a whole... if it were only calculated pro-rata on size of overall school population.

What level of annual funding would be required from individual schools if the £2.1 million SEND services SLA was adopted?

See Appendix B

The figures in Appendix B describe the annual financial impact on individual schools if a blanket approach was taken, at 1.5% of current main budget.

This table summaries the number of schools and range of contributions this would require.

1.5% of annual budget for SEND SLA	£2-5K	£5-10K	£10-15 K	£15-20 K	£20-30 K	£30-40 K	£40-50 K	£50-60 K	£60-70 K	£70-141K
No. of schools	38	55	21	14	17	7	2	2	4	4

What High Needs funding commitments do individual schools already have and how does that affect their core budget?

See Appendix C

The previous model in appendix B assumes all schools have all of their core budget available to fund the new SLA. However, schools also have different numbers of High Needs learners on roll for whom they must commit £6,000 per learner per year before they can access High Needs top-up funding from the High Needs Block.

For very small schools we know that the impact of providing £6K per High Needs learner can be significant. A small number of £6K commitments will exceed their notional SEND fund and leave no resource for learners with low/moderate SEND.

However, there are other schools who do not have any or many High Needs learners, and they do not have a significant pressure of their main budget.

Element 2 SEND funding is 'notional', is not ring-fenced and in truth the whole of the main school budget is there to be called upon to meet pupil needs so the only fair comparative measure is to look at to what degree the whole core budget is affected by these £6K learners.

Impact on overall budget	0% - no cost to the school	1%	2%	3%	4%	5%	6%
No. of schools	17	7	22	30	26	16	6

Impact on overall budget	7%	8%	9%	10%	11%	14%	15% - highest cost to the school
No. of schools	9	3	4	2	1	1	1

There is no typical pattern and the range is very large.

When the national funding reforms arrive, there is a strong chance this £6K-from-main-budget system will continue. That means schools will have three main levels of pressure from SEND on their main budget:

- The cost of providing £6K contribution for each High Needs SEND learner
- The cost of meeting the needs of low / moderate needs SEND learners
- The cost of SEND SLAs, to access the support they need into school

How well do local arrangements for per-pupil funding match the prevalence of SEND in school censuses?

This table (also available as Appendix D) brings together a number of factors considered so far.

If local funding arrangements are effective, and the national guidelines which underpin them are fair, there should be strong correlation in these ways:

- Apart from very small schools, there should be similar ranking for per-pupil funding and vulnerability factors such as High Needs SEND and Pupil Premium. The reasons a school has more funding than another school should be linked to similar vulnerability causes such as IDACI, FSM and Low Attainment.
- Similarly sized larger schools should have fairly similar ranking in funding and pressure from High Needs.

I.e. the pupils and schools with most SEND receive the most funding by comparison.

The table below and Appendices show there are only a small number of strong correlations i.e. the ranking for income is similar to the ranking for SEND funding pressure.

All schools:

Level of % pressure on budget from £6K High Needs. 1 is highest pressure.	Gross per-pupil funding. 1 is highest income.	Gross Pupil Premium received. 1 is highest.	Size of school. 1 is highest.
1	95	46	69
2	23	55	133
3	71	45	97
4	141	38	53
5	97	79	88
6	150	103	91
7	65	112	119
8	22	124	145
9	110	32	47
10	133	69	39
11	102	90	70
12	39	136	116
13	17	161	149
14	27	96	129
15	26	42	115
16	103	35	55
17	69	150	124
18	124	65	61
19	106	125	106
20	82	126	120

21	131	30	50
22	160	105	66
23	90	54	96
24	74	117	117
25	5	144	160
26	60	100	105
27	10	154	155
28	30	110	111
29	140	130	86
30	3	146	161
31	156	52	35
32	92	47	81
33	77	71	98
34	68	143	127
35	132	135	84
36	48	83	113
37	86	75	109
38	64	99	126
39	12	133	151
40	88	31	67
41	53	113	128
42	91	76	104
43	54	61	110
44	94	11	37
45	25	160	143
46	42	19	18
47	145	128	85
48	31	25	28
49	120	27	22
50	84	21	40
51	105	15	23
52	80	14	33
53	56	58	100

54	1	163	164
55	83	64	73
56	121	74	36
57	35	123	136
58	55	120	134
59	81	78	107
60	151	41	15
61	2	159	163
62	76	53	90
63	117	59	74
64	135	70	21
65	73	1	1
66	59	108	130
67	152	17	13
68	107	2	12
69	41	140	132
70	155	43	48
71	87	23	63
72	161	67	43
73	123	95	92
74	138	62	65
75	75	119	121
76	130	92	89
77	157	66	46
78	128	80	42
79	154	86	45
80	163	60	30
81	129	29	17
82	112	33	41
83	122	101	80
84	6	152	159
85	125	87	78
86	38	137	123

87	11	148	156
88	33	3	10
89	146	50	19
90	15	155	152
91	13	158	153
92	21	28	51
93	98	48	75
94	119	94	56
95	158	81	44
96	14	147	150
97	126	97	102
98	61	89	82
99	66	51	60
100	18	115	148
101	100	7	3
102	104	109	101
103	8	111	154
104	40	145	141
105	70	6	2
106	63	24	5
107	149	18	24
108	142	138	83
109	96	26	64
110	108	10	29
111	32	149	140
112	62	56	68
113	137	114	76
114	34	153	138
115	148	49	11
116	101	9	25
117	111	84	54
118	16	44	34
119	115	68	72

120	52	13	6
121	72	139	122
122	49	20	9
123	164	122	20
124	57	39	8
125	79	121	114
126	136	63	57
127	58	82	7
128	116	12	27
129	159	36	32
130	118	131	103
131	29	8	14
132	162	104	26
133	67	73	108
134	143	34	52
135	114	88	93
136	109	98	94
137	43	40	16
138	139	106	79
139	144	91	77
140	85	5	31
141	153	57	38
142	45	77	95
143	113	72	71
144	47	4	4
145	134	102	62
146	93	22	58
147	127	37	49
148	4	142	162
149	7	162	158
150	9	156	157
151	24	157	147
152	19	134	146

153	20	116	144
154	36	132	142
155	28	118	139
156	37	127	137
157	46	141	135
158	51	129	131
159	78	151	125
160	89	164	118
161	44	107	112
162	99	85	99
163	147	93	87
164	50	16	59

Summary of data analysis

We are considering how to manage a large-scale funding proposal, moving £2.1 million of funding pressure from High Needs Block into Schools Block. This presumes that services are maintained at current levels and funding is released in the High Needs Block to:

- Clear the 2016-2017 overspend
- Prevent any further overspends
- Release funding for the increasing number of High Needs top-ups and special school places

The simplest approach - a 1.5% budget commitment from all schools - has impact on individual schools as described above. This requires both a policy recommendation from schools forum and individual SLAs with every school. New SLAs will have to be developed. If all schools do not sign up to the new SLAs the funding difference may not be fully achieved.

Similarly sized Northumberland schools can have very different levels of available resource for SEND. The picture for pupil premium is also varied. When compared to the number of SEND learners on roll the correlation of higher levels of available funding compared to higher levels of SEND is quite varied.

What other changes to local mainstream SEND funding policy could be made to mitigate the High Needs Block overspend?

These are the specific questions raised by colleagues with an explanation of their legality and potential financial impact.

The financial situation in Northumberland is challenging, which is reflected in the challenging nature of these new questions.

1. Just like High Needs top ups, Pupil Premium is also for helping vulnerable learners to make progress. For those learners who attract both sources of funding could the High Needs top up be reduced by the value of the Pupil Premium?

Legally, there is no specific bar to such a local policy change being made.

In May 2016 there were 258 school age learners in mainstream schools who were in receipt of both High Needs top-up funding and Pupil Premium triggered by FSM alone. There are additional learners who are High Needs and have PP for reasons of LAC, adoption or being service children, but have been excluded from the study at this stage.

If High Needs top funding for those 258 was reduced in line with the PP available the overall saving to the High Needs Block would be £300,905.

The rates of Pupil Premium vary from £935 to £1320 for this group.

Some schools would find none of their pupils were affected. At the other end of the scale, some schools would have up to nine learners affected with a budget impact of £8,000-£10,000.

2. When a school has a budget surplus could the local authority insist the school calls upon that funding first before receiving High Needs top-up funding? Only schools with no available main budget share would be allocated High Needs top-up. Could this be applied to both new High Needs requests and existing approved cases?

National funding regulations specify that Element 2 notional SEND funding into mainstream schools is not ring-fenced. Just like Element 1 funding (AWPU place funding), the whole of Element 2 is available to the school for any suitable purposes. If it is not spent on SEND matters it can be used for other purposes or retained within a surplus.

Some schools may have a surplus which reflects the fact they receive relatively high funding annually compared to the number of SEND learners on roll. Some schools may have created a surplus despite having more SEND learners than similar schools.

It is not possible for the local authority to identify to what degree an individual school has a surplus because they have not spent all of their Element 2 funding on SEND provision, with

one exception: small schools with small E2 allocations who have more £6,000 obligations for High Needs learners than they can reasonably afford.

The regulations regarding High Needs top up funding are specified by the Education Funding Agency. There is no specific guidance on this question, except where it relates to placements in specialist schools.

So, in theory this could happen, but the system to do so has no precedent.

3. Are there cases where High Needs top-up funding should be withdrawn or reduced? Is the local authority monitoring this so funding is not being spent unnecessarily? Should the local High Needs top-up funding model be changed?

There will soon be 2000 High Needs learners in Northumberland. Two thirds are in specialist schools / colleges and a third are in mainstream schools.

Local schools forums have different arrangements and rates at which High Needs funding is allocated or adjusted or withdrawn: there is no national standard model. In addition, many schools forums have made adjustments to their local systems since the High Needs model began in April 2013. This means it is certainly possible for schools forum to change the local arrangements.

In 2013-2015 the Northumberland model of allocations to mainstream schools was mainly on a fixed term-basis. At the end of each fixed term the school could choose to reapply, sometimes more than once a year. When a child moved school the top-up application had to start over again. There were nearly 1000 re-applications per year, the majority of which were approved because the learners still had long term SEND. This system was unpopular and consultations with SENCOs and Headteachers led to a local change of arrangements in 2015: High Needs top-ups would usually be allocated on a rolling basis, to allow longer term planning and management of transitions between schools. However, the effectiveness and impact of the funding should be reviewed on a regular basis at least annually, at which point the funding could be adjusted or concluded. This system is preferable but until 2016 the local authority SEND Team has had little capacity to engage with schools on specific cases. The monitoring capacity has been improved and the cases can now be monitored in more detail 2016 onwards.

An overarching review of those currently receiving High Needs top-up funding in mainstream schools was carried out in Summer 2016. The school-age learners fall into two groups:

- Learners who have top-funding and an SEN Statement / EHC Plan (the majority)
- Learners who have top-funding but no statutory Plan

Those in the first category already have a formal annual statutory review process which can cover the issue of their funding, especially if they have an EHC Plan. The remaining SEN Statements will become EHC Plans before April 2018.

Those in the second category do not. The summer review identified that most of those in the second category had had High Needs funding for a year or more. It is proposed that in summer 2016 each case is reviewed by the the school and one of two decisions is made:

- Either the learner has long-term High Needs due to a cause which will not diminish (eg ASD or Physical Disability) in which case an EHC plan should be requested in 2017-2018 academic year, or
- The interventions made via the High Needs funding should lead to the learner becoming School Support only, ending the High Needs funding in 2017-2018

This would ensure there is a comprehensive and details process to decide who should have additional funding. Some LAs have already introduced this statutory Plan expectation. High Needs funding can stall provide a rapid response to immediate need in new cases, but after a set period (say 6 months) the question of need for an EHC Plan or end to funding should be asked. Only learners with long-term clearly evidenced need and solid support plans would continue to be funded.

4. Can we change the local formula for SEND notional funding? Can less money be given to schools who have least need for it? If the current distribution of additional funding is unfair can schools forum change that, leaving some funding behind in the 'pot' for the SEND services?

If the Department for Education had kept to their original timescale, to end schools forum and bring in a new national funding formula from April 2018, this question would not be asked: national events and solutions would have overtaken us.

Instead, the reforms will be consulted on again with a view to full implementation in April 2018.

To substantially change the local formal arrangements would require large-scale consultation and would be applied only for one year. Whilst the logic of the idea is clear, the timescales for implementation are extremely challenging. Schools most affected by any funding reductions would probably ask for a phased implementation over more than one financial cycle, which is not possible.