

**High Needs Block support for schools with ‘disproportionate’ SEN [Version 2, December 13]**

**1) Background**

The Education Funding Agency (EFA) encourages local authorities to provide additional high needs block funding to mainstream schools and academies where the number of their high needs pupils is not adequately reflected within their schools block formula funding allocation. Similarly, schools may have a disproportionate number of pupils with a particular type of SEN, eg physical disability or autistic spectrum disorder, which is not targeted by the Schools Block low prior attainment factor or the other additional need formula factors. For funding year 2014-15, local authorities are being asked to develop criteria to identify circumstances where this type of disproportionality may be present and to develop a formula basis for allocating additional support when those criteria have been satisfied. This should ensure that any additional support allocations made are done on a consistent and fair basis. The proposed method needs to be agreed with schools (via the Forum) and described on the funding return pro forma that has to reach the EFA by 21<sup>st</sup> January 2014.

**2) Approach taken**

The 2013-14 budget setting process, whilst challenging for a number of schools, only produced a handful of schools with specific SEN affordability problems. The low number may well have been due to the input of extra funding overall into the 2013-14 school funding formula base (additional budget delegation combined with the latest increase in the Pupil Premium unit value), together with temporary funding protection for some schools via the Minimum Funding Guarantee (MFG) mechanism. Underlying SEN disproportionality problems may well have been largely masked this year as a result and may begin to become more apparent as the new funding formula arrangements continue to be phased in via the MFG method.

Using 2013-14 data, individual schools block funding allocations have been analysed to identify those schools with high proportions of SEN children. All children with an SEN statement have been counted, not just those where a top-up allocation is triggered (the top-up is due to their assessed additional need costing greater than £6,000 per annum to address). The assumption under the EFA’s new funding system is that schools are responsible from their own budget for SEN costs up to this maximum of £6,000 for each child. Disproportionality can be present either when schools have a much greater than average proportion of SEN pupils on their roll or there is a disconnect between the type of SEN and the support factor allocations triggered for the individual child, eg a physically disabled child would not necessarily attract deprivation or low prior attainment funding for the school.

**3) Criteria to signal potential problems**

The following criteria will be used to flag schools that could potentially have SEN-related budget pressures: -

- i) The number of SEN statement children at the school comprises more than 2% of its total number on roll **AND**...
- ii) The school’s notional SEN budget “allocation” (see section 5 below) amounts to less than 80% of the sum derived by multiplying their number of SEN statement children by the maximum £6,000 expected school contribution.

In addition, it is proposed that our smallest primary schools should be closely monitored in any case to check whether SEN costs are causing a particular problem – the potential need to find the first £6,000 of SEN support costs represents a far greater proportion of a small school’s resources than in larger schools. Schools with fewer than 106 pupils on roll would count in the small schools category.

**4) Investigation of “flagged” schools**

The first course of action would be for the SEN Assessment & Commissioning Team (SENACT) to consider the funding levels of the school’s High Needs top-up pupils to ensure that the top-up funding arrangements are an accurate reflection of the pupils’ current needs.

Following the SENACT checks, the “flagged” schools will be made known to the Schools Budget Officers in the Schools Finance Team. They will then be able to determine, from working with their maintained schools on their annual budget plan, whether an individual school is able to balance their budget without problems or not. Only those schools with evident difficulty in balancing their budget would be eligible for a disproportionality allocation from the High Needs Block contingency. Because the High Needs block also funds SEN top-ups for academies, any academies flagged for checking will also need to go through the same process and would therefore need to provide details of their budget plan to evidence their financial difficulty.

## 5) Disproportionality support allocations from the High Needs Contingency

If the investigations above reveal that some support for the SEN disproportionality in the school is needed then there has to be a formula basis for making such an allocation. The formula needs to be both simple and transparent. The EFA is asking that the local formula approach to this is set out in the 21<sup>st</sup> January pro forma funding return.

The way forward requires consideration of how the authority describes the notional SEN budget content within its schools block funding formula allocation. For funding year 2013-14, Kirklees simply declared its Low Prior Attainment factor budget as its notional SEN provision. It is evident that this view is considerably out of step with practice in the vast majority of local authorities where a mixture of proportions of factors such as low prior attainment, deprivation and basic entitlement funding has been declared as the composition of notional SEN provision. Local authorities have been asked by the EFA to benchmark their approach against that taken by other authorities. As a result of this benchmarking work, Kirklees’ declaration of its Notional SEN Budget for 2014-15 will be based on the following factor proportions: -

### Notional SEN budget proposed proportions

Primary Age-Weighted Pupil Unit (AWPU)	3.34% SEN-related
KS3 AWPU	2.34%
KS4 AWPU	1.90%

**[Proportion of total AWPU Budget 2.74%]**

English as an Additional Language	20.00%
Deprivation factors	25.00%
Low Prior Attainment	75.00%

The above factor proportions, when applied to 2013-14 schools data, produce a bottom-line notional SEN proportion of roughly 10% of the overall schools block funding allocation.

For those schools that meet the conditions set out at 3) above and which still face a problem following scrutiny of their budget, a SEN disproportionality support allocation can be made from the High Needs Block contingency. This will be based upon the identified difference between the school’s notional SEN funding amount and the result of multiplying their number of SEN statements by £6,000. The allocation will then be rounded down to the nearest multiple of £6,000. Eg a school has a notional SEN figure of £47,523 yet it has eleven SEN statement children, costing a notional £66,000. A disproportionality allocation of £18,000 would be made [ $£66,000 - £47,523 = £18,477$ , rounded down to the next lowest multiple of £6,000, ie £18,000]. If, however, the identified problem within the school’s budget is less than this amount the lower of the two sums would be allocated.

## 6) Issue still to resolve

Assessment needs to be carried out of the capacity for the current High Needs Block budget to meet the cost implications of potential disproportionality allocations. [Once the 2014-15 Dedicated Schools Grant (DSG) allocation and the new funding formula data set are available the authority will, in any case, need to review the overall level of resource committed to each of the three blocks of school funding (Early Years, Schools and High Needs)].