

Schools Forum - 29 June 2021

Title of paper:	Proposal for targeted funding above notional SEN for primary schools
Director(s)/ Corporate Director(s):	Nick Lee, Director of Education Services Catherine Underwood, Corporate Director for People
Report author(s) and contact details:	Kathryn Stevenson, Senior Commercial Business Partner (School Funding) Kathryn.stevenson@nottinghamcity.gov.uk
Other colleagues who have provided input:	Janine Walker, Head of SEND and Vulnerable Pupils

Summary

Local authorities can provide additional funding outside the main funding formula for mainstream schools and academies on a consistent and fair basis where the number of their pupils with SEND and/or high needs is not reflected adequately in the funding they receive through the local funding formula.

This paper outlines a rationale and criteria for providing targeted funding to qualifying primary schools. The proposals have been subject to consultation with all City primary schools during the period from 21 May – 15 June 2021. Results are summarised in paragraphs 2.9-2.13.

Schools Forum are invited to share views on the proposal to implement the new approach to targeted funding in the primary phase with full year allocations made for 2021/22.

Similar proposals will be considered for early years and secondary phases in conjunction with the rollout of the new High Level Needs funding system for these age groups.

Recommendation(s):

- | | |
|----------|--|
| 1 | To note the new criteria for allocating targeted funding from the High Needs budget to primary schools from April 2021 . |
| 2 | To note that the projected £0.330m cost of the proposal in 2021/22 will be funded from the overall £8.052m budgeted from the High needs for mainstream schools. |

1 Reasons for recommendations

- 1.1 To ensure that the most inclusive schools in the City are not financially disadvantaged through having to provide the first £6000 cost of additional needs.
- 1.2 The distribution methodology meets the national criteria in that it is simple and transparent, and devised so that additional funds are targeted only to a minority of schools which have particular difficulties because of their disproportionate number of pupils with SEND or high needs or their characteristics.
- 1.3 The consultation with primary schools demonstrated support. Of the 18 primary schools that responded, 10 (56%) supported the implementation of the proposal

with the remaining 8 schools being unsure. Further details on consultation responses are outlined in section 2.9.

2 Background (including outcomes of consultation)

- 2.1 Under the National Funding Formula (NFF), schools receive funding for additional needs (and the cost of this up to £6000 for individual pupils) through a combination of deprivation and Low Prior Attainment (LPA) factors. Therefore, where schools can be clearly demonstrated to have disproportionate numbers of high needs pupils in comparison to their numbers of deprived and LPA pupils then we can confidently assert that the number of their high needs pupils is not reflected adequately in their formula funding.
- 2.2 Our proposed approach is to identify schools with disproportionate numbers of HLN pupils compared to the size of their Ever 6 FSM and LPA cohorts that are generating their funding for additional needs.
- 2.3 To do this, we will calculate how many HLN pupils the school would have if they were in line with the overall Nottingham City proportions. Across the city, the total cohort of HLN pupils in Y1-6 is 6% of the size of the Ever 6 FSM cohort and 7% of the size of the LPA cohort. Using these City averages, for each school we propose to work out a theoretical “expected” number of HLN pupils based on their number of Ever 6 FSM and LPA pupils. Where actual numbers of HLN pupils are more than 2 above this threshold, targeted funding will be provided from high needs to cover in full the costs of the first £6000 in additional needs.
- 2.4 The formula for working out targeted funding allocations for 2020/21 is therefore expressed as follows:

Formula	School's Actual HLN pupils	Minus	Theoretical Expected HLN pupils	Minus 2	= Funded pupils (where result is >0)	Multiplied by £6000
Detail	Y1-6 on new HLN system		Average of 6% * School's Ever6FSM pupil numbers 7% * School's LPA pupil numbers			
Example	15	-	$((6\% * 128) + (7\% * 112)) / 2 = 8$	-2	5	£30,000

- 2.5 The formula for the 2021/22 financial year (April-March) is based on October 2020 census data for the Ever 6 FSM and LPA pupil numbers, and January 2021 data for the number of pupils in Y1-6 receiving a HLN allocation. Each year, the formula would be recalculated based on the subsequent year's data.
- 2.6 For 2020/21 the formula will result in 16 schools receiving targeted funding allocations, with the first £6000 cost being met for 55 HLN pupils across those schools.

- 2.7 The schools receiving allocations include 9 of the 10 schools with the highest proportions of HLN pupils in the City. All of the schools except two have higher than average proportions of HLN pupils. Those two exceptions are schools that have particularly low proportions of Ever6FSM and LPA pupils, meaning they have low notional SEN budgets.
- 2.8 Without this proposed funding, all 16 schools are requiring very high proportions of their notional SEN funding to support the costs of the £6ks for their HLN pupils when compared to the City average of 33.3%. After the proposed additional funding is allocated, this has the impact of bringing all schools into the range of needing 38-59% of notional SEN budgets for supporting the first £6000 cost of HLN pupils.
- 2.9 All primary schools were invited to share their views and comments on the proposals as part of a consultation which took place between 20th May and 15th June 2021. Schools had the opportunity to attend one of two virtual consultation meetings and ask questions about the proposals.
- 2.10 There was a good response rate, with 18 (24%) of primary schools feeding in their views.
- 2.11 Ten schools were fully supportive of the approach and the implementation of the proposals. Comments from amongst these schools suggested they felt this was a fair approach and good indicator of need and recognising the importance of supporting schools to be inclusive.
- 2.12 Eight schools were unsure about the proposals.
- Four of these included comments in their return that indicated they agreed in principle that the proposals had potential to provide a fairer system. Their uncertainty mainly centred on concerns in case their individual school's budget could be detrimentally impacted.
 - Two stated that they found the proposals confusing and these respondents did not understand the rationale of comparing HLN pupils to Ever6 and LPA pupil numbers in the intended way.
 - The remaining two uncertain schools did not provide any comments.
- 2.13 Two schools questioned that the proposed formula does not include EYFS pupils. A similar approach for Reception and nursery aged pupils will be considered as part of the Early years phase of the HLN review which is currently underway.

3 Other options considered in making recommendations

- 3.1 Other options were considered based on published information about how other local authorities distribute targeted funding.

4 Outcomes/deliverables

- 4.1 A transparent approach for fairly and consistently identifying schools qualifying for targeted funding from the high needs budget.

5 Finance colleague comments (including implications and value for money/VAT)

- 5.1 Implementing the proposal for primary schools in 2020/21 will cost £0.330m. This can be met from the £8.052m budgeted from the high needs block for supporting mainstream schools.
- 5.2 A revised HLN allocation system was implemented for primary schools from April 2021. The former Additional Inclusion Allowance (known locally as AIA) which provided £4017 per HLN pupil in the previous academic year was withdrawn for primary schools and the associated funding used to support a significant increase in HLN top-up rates. School level funding protection has been provided for 2021/22 meaning that no school has seen a reduction in funding when comparing their revised HLN top-up funding to the old top-up rate plus AIA combined.
- 5.3 This targeted funding proposal is well aligned to national guidance, in that it is a simple and transparent approach and devised so that additional funds are targeted only to a minority of schools which have particular difficulties because of their disproportionate number of pupils with SEND or high needs.

Kathryn Stevenson, Senior Commercial Business Partner (School Funding), 16 June 2021

6 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

- 6.1 It is noted that the two recommendations set out in this report are for the Schools Forum to “note the new criteria and the projected costs” - this fits with the School and Early Years Finance (England) Regulations 2021 (EY Regulations) since the Nottingham City Schools Forum is in a consultative role in respect of the recommendations (paragraph 9), with the decisions ultimately for Nottingham City Council to take.
- 6.2 In accordance with Schedule 2 of the EY Regulations, local authorities are permitted to use the High Needs Funding outside of the main funding formula for mainstream schools, to provide targeted support for Children and Young People with special educational needs and disabilities. The proposals in this report seek to allocate targeted funding from the High Needs budget to primary schools as detailed further within the report.
- 6.3 Local authorities are required to consult with its Schools Forum and schools maintained by it about any changes, which the Council has done. The results of the consultation process have been considered and addressed within this report.

Dionne Screatton, Senior Solicitor, Commercial Employment and Education, 16th June 2021.

7 HR colleague comments

- 7.1 This report recommends utilising £0.330m from the high needs block for supporting mainstream schools. Schools that do attract this targeted funding will need to be mindful of the temporary nature of the funding and that funding will cease once the high level needs pupil(s) leave and/or if their number of high level needs pupils moves back under the threshold. There are no HR implications contained within the recommendations within this report, and the EIA demonstrates this could significantly benefit younger people with disabilities.

8 Equality Impact Assessment

8.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:
(Please explain why an EIA is not necessary)

Yes

Attached as Appendix A, and due regard will be given to any implications identified in it.

9 List of background papers other than published works or those disclosing confidential or exempt information

9.1 None.

10 Published documents referred to in compiling this report

10.1 National guidance around such funding is outlined in the ESFA's 2021 to 2022 High Needs Operational Guide paragraphs 104-106 on page 31 which can be found at this link: [High needs funding arrangements: 2021 to 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/94421/high_needs_funding_arrangements_2021_to_2022.pdf)