

Schools Forum - 25 January 2022

Title of paper:	Early Years Special Educational Needs Inclusion Fund (SEN IF)
Director/ Corporate Director:	Nick Lee, Director of Education Services Catherine Underwood, Corporate Director for People
Report author and contact details:	Kathryn Stevenson, Senior Commercial Business Partner (School Funding)
Other colleagues who have provided input:	Catherine Smith, Early Years Programme Manager Janine Walker, Head of Vulnerable Pupils
Summary	
<p>As stated in the Early Years SEND report to the 19 January 2021 Schools Forum, a review of the SEN Inclusion Fund (IF) was required in conjunction with the wider review of SEN funding for the early years' phase.</p> <p>This review has now been conducted and was discussed in focus groups in the summer term 2021 followed by a more formal consultation in early December. The consultation also included proposals for use of the SEN IF underspends arising under the existing eligibility criteria. The consultation demonstrated support for the proposals and the Local Authority (LA) now proposes to take these forward for implementation.</p>	
Recommendations:	
1	To note the results of the sector wide consultation on proposals to revise the SEN IF eligibility criteria from April 2022 and use of SEN IF underspends, as detailed in appendix A.
2	To note that the LA proposes to implement the revised SEN IF criteria, outlined in paragraph 2.5, from April 2022.
3	To note that the LA proposes to reduce the SEN IF budget set aside from 2-year-old funding to £0.010m from April 2022, as outlined in paragraph 2.4.
4	To note the proposal to distribute the £0.148m SEN IF under-spend from 2020/21 to schools/settings on the basis outlined in paragraph 2.7 and to use a similar approach for the SEN IF underspend arising in 2021/22.

1. Reasons for recommendations

- 1.1 To ensure a distribution of SEN IF funding that aligns more accurately to the funding planned for this purpose.
- 1.2 To support settings more fully with additional costs related to supporting pupils with SEND accessing their early years entitlement.
- 1.3 To fully distribute underspends arising under the former eligibility criteria, reflecting the current pressures faced by all settings arising from heightened Speech, language and communication needs linked to the impact of the pandemic.

1.4 The proposals received strong support from those schools/providers responding to the consultation.

2. Background (including outcomes of consultation)

2.1 In 2018/19, all Local Authorities (LA's) were required to establish a SEN inclusion Fund for 3 and 4 year olds with SEND who are accessing their free entitlement. The purpose of the fund is to further assist early years providers to implement strategies to support children's learning and development. National guidance states LA's should target the fund at children with "lower level or emerging SEN."

2.2 Our SEN IF funding is administered through the same application process as High Level Needs (HLN) top-up funding. Compared to our assumptions when setting the budget for the SEN IF, fewer children than originally anticipated have qualified for the lower level SEN IF funding and more than expected have qualified for HLN funding, which is funded separately. This has resulted in SEN IF budget under-spends. Whilst we have ensured that all funding set aside has been fully distributed to schools/settings for children with SEND by consulting on separate criteria for distributing underspends through Schools Forum, we now need to revisit the eligibility criteria. It was considered important to carry out this review in parallel with the review of HLN funding for early years' children so that we could ensure the two funding streams dovetail well.

2.3 Currently £135,000 is set aside from the 3 & 4-year-old funding received into the LA's Early years block budget for the SEN Inclusion Fund and £35,000 from 2-year-old funding to ensure that two year olds can benefit from similar support when needed.

2.4 The proposals involve maintaining the same overall budget for SEN IF from 3 & 4-year-old funding and the same funding available per child but also introducing 2 new additional strands of support. As very few 2 year olds have historically been identified as requiring support at this early age we are recommending that the amount set aside from 2-year-old funding can be reduced, allowing a 2p per hour increase in the 2-year old funding base rate. This will still allow for child level support to be provided for 2-year olds where needed. Whilst numbers of 2-year olds are not taken into account in the setting level and universal level strands of support, schools and providers will be able to use this funding flexibly for the benefit of all of their 2, 3 and 4-year-old children.

2.5 The proposed revised criteria for funding from the SEN inclusion fund are outlined in **Table 1:**

Strand	Criteria	Funding level
1) Child level support	Emerging or lower level SEN i.e. a child who is not achieving expected stages of development and who is unable to access a provision safely without support and/or adult direction. Funding accessed through the SEN funding application process.	For eligible children attending: <ul style="list-style-type: none"> Up to 15 hours per week attendance - £837.00 per child per year Over 15 hours per week attendance - £1674 per child per year
2) Setting level support	Settings with a high number of HLN children relative to	Annual allocation for financial year (April-March) based

	<p>their size of setting as determined below:</p> <p>Settings with up to 30 PTE 3& 4 year olds to be funded for 2nd PTE HLN children and any subsequent PTE children with HLN</p> <p>Settings with 31-90 PTE 3 & 4 year olds to be funded for 3rd PTE HLN children and subsequent HLN children</p> <p>Settings with 91+ PTE 3 & 4 year olds to be funded for 4th PTE HLN children and any subsequent</p>	<p>upon a snapshot as at the prior January Early Years/School Census date.</p> <p>£3,000 per PTE eligible to be funded.</p>
3) Universal support	<p>Every setting to receive an allocation – schools, pre-schools, day nurseries, childminders.</p> <p>To support speech, language and communication needs.</p>	<p>Annual allocation for financial year (April-March) based upon a snapshot as at the prior January Early Years/School Census date.</p> <p>Each setting to receive a £45 lump sum plus £2 per PTE 3 & 4 year old</p>

2.6 It is proposed to supplement the universal support allocation in the current financial year and in 2022/23 using the SEN IF underspends. This will allow a significant temporary uplift to the universal support for two years which will help settings respond to the impact of the pandemic on speech, language and communication needs.

2.7 The £0.148m SEN IF underspend from 2020/21 will be distributed to schools/providers on the basis of £200 per setting plus a £18 per PTE 3 & 4 year olds on the January 2021 Schools/Early Years census. We will work with settings to identify impacts and best practice in relation to this spend.

2.8 It is anticipated that there will be a similar level of underspend for the 2021/22 financial year and this amount will be distributed using a further £200 per setting lump sum and allocating the remainder on the basis of 3 & 4 year old PTE as at the January 2022 Schools/Early Years census.

2.9 Schools and providers were invited to participate in focus groups about SEN IF and the new HLN process for early years during 3 dates in late June/early July 2021. An outline of the SEN IF proposals were first shared at these focus group sessions.

2.10 The consultation proposals were shared at a Portfolio Briefing with Councillor Campbell-Clark and Councillor Kandola on 7 December 2021.

2.11 Following this, all schools and providers were invited to respond to a consultation questionnaire between 7th and 15th December.

2.12 Fourteen providers responded. The results were very positive. A full summary of results is included as Appendix A to this paper.

3. Other options considered in making recommendations

- 3.1 In the light of positive feedback from the focus groups and formal consultation, other options were not considered.

4. Outcomes/deliverables

- 4.1 Revised eligibility the SEN Inclusion Fund which should ensure that the funding distributed aligns more closely to the budget.

5. Consideration of Risk

- 5.1 The proposals are designed around the full utilisation of the SEN Inclusion Fund. However exact numbers of children and settings meeting the eligibility criteria will vary year on year. The criteria will need to be reviewed each year to ensure affordability. In the event of an over-spend on the SEN IF budget, funding can be drawn down from the early years contingency balance held in the DSG reserve if needed.

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

- 6.1 The SEN Inclusion Fund budget has been consistently underspent due to less children qualifying for lower level support than anticipated when the budget was first set. Underspends have been distributed in full to providers each year on a basis consulted on via Schools Forum, pending a full review of the SEN IF in conjunction with the review of high needs funding arrangements for the early years phase.
- 6.2 This review has now taken place and, following consultation with the early years sector, revised criteria are proposed as outlined in paragraph 2.5. Based on numbers as at January 2020, the revised criteria and rates would result in full utilisation of the £0.135m SEN IF budget from 3 & 4 year old funding. Exact costs each year will vary according to the number of children assessed as meeting the criteria for child-level allocations and the distribution of high needs children across the City's early years settings. It is recommended that the criteria and rates are reviewed annually as part of the budget setting process.
- 6.3 It is proposed to reduce the SEN IF budget from 2 year old funding from £0.035m to £0.010m as outlined in paragraph 2.4. This will allow an additional 2p to be passed on to schools/providers from April 2022 through the hourly funding rate. This equates to £11.40 per child per annum accessing the 15 week entitlement.
- 6.4 The 2020/21 SEN IF underspend was £0.148m as reported in the 2020/21 Outturn Report presented to Schools Forum on 29 June 2021. This is currently ring-fenced in the DSG reserve. This can be drawn down and distributed to settings on the basis outlined in paragraph 2.7, subject to an Operational Officer Decision being completed.

Kathryn Stevenson, Senior Commercial Business Partner (School Funding), 10 January 2022

7. Legal colleague comments

- 7.1 It is noted that the recommendations set out in this report are for the Schools Forum to “note the proposals...” This fits with the School and Early Years Finance (England) Regulations 2020 and 2021 (EY Regulations) since the Nottingham City Schools Forum is in a consultative role in respect of the recommendations, with the decisions ultimately for Nottingham City Council to take.
- 7.2 The EY operational Guidance provides that where Local Authority's might have an underspend of DAF funding from the government, they are required to use the extra funding in line with the same principles and aims of the fund. The Local Authority must distribute in accordance with the Guidance.
- 7.3 The proposed distribution of the SEN IF underspend will be used to support the additional requirements for 3-4 year olds in accordance with this approach.
- 7.4 Unlike 3 and 4 year olds, there is no obligation on the Local Authority to establish a SEN IF for 2 year olds however it may wish to do so. The decision to reduce the funding allocated to 2 years olds as proposed in the report is based on the low requirement of these places. The Local Authority is however still allowing the funding to be available when required for 2 year olds but reducing the funding set aside for these places will allow additional funding to be distributed to providers for all 2 year olds through a higher hourly base rate.

Dionne Scream, Senior Solicitor, Commercial Employment and Education 14th
January 2022

8. **Other relevant comments**

- 8.1 This report recommends Schools Forum note changes in the way the SEN Inclusion fund operates.
- 8.2 From reviewing the report, there appears to be no impact on the workforce. The report author should ensure any colleagues that have involvement in the SEN IF are aware of the changes as part of this report in order for them to carry out their duties effectively.

Rachael Morris, HR Business Lead – People (11/01/2022)

9. **Crime and Disorder Implications (If Applicable)**

- 9.1 N/A

10. **Social value considerations (If Applicable)**

- 10.1 N/A

11. **Equality Impact Assessment (EIA)**

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

12. **Data Protection Impact Assessment (DPIA)**

- 12.1 A DPIA is not required because there is no impact on data collection requirements.

13. **Carbon Impact Assessment (CIA)**

13.1 A DPIA is not required because no carbon impacts will arise from the decisions taken.

14. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1 None.

15. Published documents referred to in this report

15.1 Early years entitlements: local authority funding of providers operational guide 2022 to 2023 - GOV.UK (www.gov.uk)