

SCHOOLS' FUNDING FORUM (SFF)

SUBJECT:	Update - A new process for defining eligibility for High Needs funding in mainstream schools - £ 6,000 threshold
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SUMMARY OF REPORT:

In order to comply with the Department for Education (DfE) requirement in relation to providing top up funding for high needs pupils (those requiring more than £6k worth of support) an appropriately structured assessment system and robust mechanism to cost SEN interventions or Presenting Needs, needs to be implemented.

A working group was set up in 2013-14 in order to help facilitate the necessary changes to comply with DfE regulations and a paper with the group findings was presented to the SFF at its meeting on the 13 December 2013. The conclusion of the paper was to delay implementation until some further work had been carried out. This paper is an update on the progress and planned work to be carried out in order to comply with the DfE school finance regulations.

1 Introduction

- 1.1 As part of the journey towards a schools national funding formula the school funding reforms of 2013-14 saw the introduction of a High Needs funding methodology for all High Needs pupils aged 0-25 called "Place Plus". A variation of the Place Plus funding methodology has been applied in each strand of High Needs Education in order to comply with the reforms. This paper solely deals with High Needs pupils in Mainstream schools (this includes Academies and Free School) and it does not include pupils in Resource Provisions (Units). As at March 2014 there were 869 pupils qualifying for High Needs funding in mainstream schools and academies and the estimated annual cost to the LA is approximately £8.4m.
- 1.2 For a High Needs Pupil (HNP) in a mainstream school the Department for Education (DfE) has provided a national definition that defines a HNP as a pupil that has additional Special Education Need (SEN) costing £6,000 or more. For a number of reasons the move from the individual LA definition of a HNP to the alignment of the national definition of a HNP is a significant challenge for us.
- 1.3 In 2012-13 Kent's definition of a HNP was a pupil that had a statement of 25 hours or more. If a pupil met this criteria, funding would be allocated based on the need type, funding ranged from £10,653 to £19,029 per pupil. The funding for all SEN pupils where a statement is less than 25 hours is allocated through formula factors and is known as the schools notional SEN budget. Kent's policy had evolved over a number of years and was underpinned by a sound logical rationale. One of the main reasons for setting a high threshold at 25 hours was to keep the need for a statutory assessment at a reasonable level by funding pupils below 25 hours automatically

through the schools funding formula i.e. not to create a perverse incentive to have an assessment.

- 1.4 The DfEs has now set the threshold at £6,000 and they state that they have deliberately chosen a financial threshold to define a pupil or student with high needs, as opposed to an assessment based threshold – such as having a statement or special educational needs (SEN) – since the latter could create perverse incentives if the assessment was linked directly to additional funding. For example, this could create additional pressure for unnecessary statutory assessments.
- 1.5 The challenge LAs now face is developing a process that is not underpinned by the statutory assessment (Education Health Care Plan (EHP) from September 2014) and more specifically in Kent the inevitable consequence that by moving the threshold from a 25 hours statutory assessment to a £6,000 monetary assessment will result in the re-alignment of funding to comply with new national methodology. Appendix 1 shows a diagram to aid the explanation in the above paragraphs.

2 Background on work done so far

- 2.1 Due to the number of changes resulting from the school funding reforms that were implemented at short notice in 2013-14, it was agreed at the [SFF meeting on the 12 October 2012](#) to retain the criteria (over 25 hours) used in 2012-13 for 2013-14 and to develop a process in 2013-14 for implementation from April 2014.
- 2.2 A working grouping was setup in 2013-14 comprising of senior leaders from schools and academies and LA Officers. The subsequent findings of the working group was summarised in a [paper to the SFF](#) at its meeting on the 13 December 2013. The headlines from the working group were:
 - They supported in principle the process as ultimately it would reduce the need for statutory assessment and funding would reach the pupil earlier.
 - Concerns were raised about the robustness of the process to guarantee that the necessary level of control could be put in place to ensure an equitable outcome for each application.
 - Limited sampling strongly indicated that there would be a significant additional cost if implemented.
- 2.3 The conclusion of the report primarily due to affordability was that implementation should not take place in 2014-15 and that further testing/research should be carried out, including contacting the DfE for further guidance, before planned implementation in 2015-16. It was also agreed that the SFF would be regularly updated on the progress towards implementing the £6,000 threshold.

3 Further Guidance and Advice From The DfE

- 3.1 LA officers from SEN and Finance met with two EFA SEN funding policy experts on the 28 March. The remit of the meeting was to seek advice and guidance from the EFA in how we could overcome the barriers that had been encountered in order to successfully implement DfE Policy. Specifically we were interested in advice on a robust process to assess additional SEN need over £6,000 that was separate from the statutory assessment process, hopefully learning from their experiences with other LAs.

- 3.2 The EFA were unable to provide advice on a system that was not based on the current statutory assessment (statements) and they did not have any examples of a non-statutory assessment based system but would look into it and advise accordingly (to date we have not received any further guidance). The advice given by the EFA was for us to use the statutory assessment process as the trigger for funding and that a rate of funding should be assigned to the number of hours recorded in the statement. Our observation is that this advice is not consistent with earlier DfE guidance shown in paragraph 1.4.
- 3.3 The EFA during their visit highlighted that the LA was currently not compliant with School Finance regulations. We were fully compliant with schools paying the first £6,000 from their notional SEN budget, however we had not implemented a process that allocated funding where the additional cost was greater than £6,000 as our threshold was still based on 25 hours. The grey area in question is therefore between £6,000 and 25 hours. We have been informed that we need to apply for an exemption from the Secretary of State and we are now in the process of applying for this exemption.

4 The next step

- 4.1 The LA fully intends to implement the £ 6,000 threshold; however it is not going to use the ECHP as the sole document to trigger funding. The expectation is that the administration involved in producing an ECHP will require greater resource than the current statutory assessment process. Therefore it would be illogical to adopt a system that would generate far more ECHP than the current number of statutory assessments.
- 4.2 The proposed plan to meet the April 2015 deadline is to reconvene the working group and have a series of meetings over the period June to October, which will culminate in a recommendation to the SFF at its meeting on the 28 November 2014.
- 4.3 The remit of the working group is:
- To develop and test a method which captures the necessary information from a school/ academy in order to quantify the cost of the additional SEN need of the pupil. This process needs to be consistent in reflecting the SEN need of the pupil and is fit for purpose i.e. user friendly. It will need to be tested prior to implementation in April 2015.
 - Appropriate gate keeping and a suitable robust system for approving applications.
 - How the process will be phased in from April 2015, including the transition from the current funding system to the new £6,000 threshold.
- 4.4 The defining factor in delaying the implementation of the policy in 2014-15 was not being able to quantify the cost. It is likely that this will still be the case unless data is collected from a representative number of schools and academies. Data collection is dependent on successfully developing an appropriate process which to date has not been achieved, therefore, it is not a realistic expectation in the time available prior to the 28 November to fully cost the impact of moving to the process. However a process for capturing this information will be completed by the 28 November and in recognition of this the SFF are requested to agree that the sum of £10,000 is made available to the working group in order to compensate schools/academies that have been involved in helping to develop the process (pilot).

- 4.5 Included in the information presented to the SFF on the 28 November will be the options available to fund the additional cost of complying with the £6,000. Options could include moving funding from the Notional SEN budget to the High Needs budget or top slice any future DSG headroom or working within the current cash envelope. It will also include a request for one off funding to provide protection as part of the transition from the current system to the new one.

5 Recommendations

- 5.1 Members of the Forum are asked to:
- **note** the requirement for the LA to submit an exemption request to the Secretary of State for not fully complying with School Finance regulations.
 - **note** the action plan and timetable for the working group
 - **agree** to the creation of a £10k budget from unallocated DSG to reimburse working group members for their contributions with this piece of work

Background papers:

1. [Minutes of School Funding Forum meeting 12 October 2012](#)
2. [A new process for defining eligibility for High Needs funding in mainstream settings paper to the Forum, 13 December 2013](#)
3. [Minutes of Schools' Funding Forum meeting 13 December 2013](#)