

SCHOOLS' FUNDING FORUM

SUBJECT:	A new process for defining eligibility for High Needs funding in mainstream settings
-----------------	--

AUTHOR:	Ian Hamilton, School and PVI Budget Manager
DATE:	13 December 2013

SUMMARY OF REPORT:

From April 2013 the definition of a High Needs Pupil (HNP) is one who's additional Special Educational Needs (SEN) cost is more than £6,000 per annum. In order to comply with the new DfE requirement an appropriately structured assessment system and robust mechanism to cost SEN interventions has been developed.

A working group comprising of Senior Leaders from Schools and Academies and Local Authority (LA) Officers has looked at the processes that need to be changed in order to meet the new eligibility criteria. This paper documents the findings and recommendations of the working group for consideration of the SFF.

FOR:	Information
-------------	-------------

1. Background

- 1.1 This paper specifically looks at High Needs Pupils (HNP) in mainstream schools that are not in Resource Provisions (RP). Currently there are 752 HNPs with an estimated annual cost of £8.5 million.
- 1.2 The 2013-14 School Funding Reforms defines a HNP as a pupil that requires additional SEN support of £6k or more. Prior to 2013-14 there wasn't a universal definition and LAs determined their own criteria for a HNP pupil. The criteria adopted by Kent, following delegation of resources to schools for pupils with statements, is that the pupil must have a statement requiring 25 hours or more additional support and upon meeting this criteria funding is then allocated at one of the four need type funding rates. (Appendix 1 details the 2013-14 funding rates).
- 1.3 A working group made up of School and Academy Senior Leaders and LA Officers was set up to look at the different options (method and process) available in order to comply with the universal standard of £6k or more. The working group met on 9 October and 11 November and the recommendations in this paper are the outcomes of these meetings (Appendix 2 is the background paper provided for the working group and contains helpful background information for readers of this report).
- 1.4 It is important to note from the outset that this School Funding Reform aims to align the individual pupil's need with the appropriate level of financial resource. Everyone would agree the sound logic to this, however, the challenge is to ensure that the appropriate administration systems are in place to facilitate this and it is managed within a finite cash envelope.

2. Process for calculating the cost of individual pupil interventions

- 2.1 A process for capturing the required information for each HNP i.e. the cost of each individual intervention has been developed by the Interim Principal Adviser – Special Schools and PRUs. Appendix 3 is the documentation that a school or academy would need to complete for each individual application and the process that would need to be followed for calculating the cost.
- 2.2 The Local Authority initially proposed, to ensure some stability in the first year or two of the new SEN funding arrangements, that the overall funding levels would remain at a similar level to the current support for individual pupils with high needs, and therefore within the overall estimated full year £8.5 million budget.
- 2.3 At the meeting on 9 October members of the working group agreed that the LA should undertake testing of the new process on schools and academies. This testing was designed to look specifically at the data collection method and get a better feel for the overall potential cost.
- 2.4 Provisionally school and academy members of the working group had reservations about the data capture process as it would be onerous and too administratively intensive. The finding from the field work was that, once a school became familiar with the process it would take about 30 minutes per application which was considered acceptable. In addition to this, the process would in some cases replace the need for a Statement of SEN (SSEN).
- 2.5 All members of the working group highlighted a major positive of the new system that would significantly benefit all parties; schools and academies, the LA and most importantly HNPs. Currently the only way to access High Needs funding is to get a Statement, which is resource intensive and time consuming. The new process would allow schools and academies to put in place interventions at an earlier point in time with less bureaucracy.
- 2.6 Another reservation raised by members of the working group was how overall costs could be controlled. The feeling was that there is significant risk of over provision as there are no built in incentives to encourage prudence, rather than an incentive to over identify levels of need beyond what the school is already providing. The working group agreed there should be no perverse incentive of this kind.
- 2.7 Appendix 4 provides the results of the testing carried out with members of the working group. The results support the initial concerns of the working group members, with an increase in cost for almost all the existing high needs pupils.
- 2.8 At this point in time with the sample of data at our disposal it is not possible to quantify any additional cost, however from the limited information available it would suggest a significant pressure to the High Needs SEN budget. This is a high risk to the overall levels of funding for all schools, as the impact on the DSG would be significant. Kent already spends an above average percentage of the DSG on SEN.

3. Application Process - From Point Of Application to Point of Payment

- 3.1 Appendix 5 details the current stages in the process for schools and academies to access HNP funding and the proposed process to facilitate the new £6,000 threshold.
- 3.2 At the working group meeting on the 9 October the school and academy members were unanimous in their concern surrounding the controls that would be required to ensure the robustness of the process (stage 9 appendix 5). For example it was proposed that the local LIFTs (Local Inclusion Forum Teams) would act as moderators of schools' applications for additional high needs funding by looking at individual cases.
- 3.3 A number of changes to the process were subsequently made in order to address the reservations of the Working Group members;
- Louise Langley (Monitoring and quality assurance officer - Specialist Teaching Services and outreach services) was invited along to talk about the operation of LIFTS. It is acknowledged that individual LIFTS are at different stages of development and that some are better placed to manage the new proposed responsibilities than others. Where LIFTS are not yet ready to take on a new responsibility of this kind, appropriate LA Officer support could be provided until such time that assurance was provided that the LIFT could manage the £6,000 process with the required level of control.
 - When a pupil meets the current HNP criteria, funding is allocated annually based on the initial assessment and Statement, and annual reviews rarely review and alter the funding allocation. Under the new process the financial assessment will be integrated into the pupil's annual review (or equivalent for a pupil that meets the £6,000 threshold but has not had a SSN).
 - The plan was for the LIFT to ratify the annual financial review, which would mean in excess of 750 moderations going through the 12 LIFTS each year. This would have been excessive so the proposal is for all annual financial reviews to be done by either:
 - the county panel for those with a current Statement, or
 - SEN LA Officers for those below the statutory assessment threshold meeting the £6,000 criteria.

4. Working Group Implementation Recommendations

- 4.1 Clearly further work and development are needed before we implement a new funding arrangement, which has a reliable control and moderation process underpinning and which has the confidence of all schools. The recommendations therefore from April 2014 are.
- Any HNP defined under the criteria for 2013-14 (25 hours or more) will be funded if eligibility continues for the period April 2014 to March 2015 at the current 2013-14 funding rate.
 - In addition the new £6k assessment process should be parallel run for all existing HNPs as at the April 2014. This will enable the LA to quantify the true cost of the

new arrangements. The plan would then be to adopt the new process from April 2015.

- Any new applications from April 2014 will be funded using the new £6k assessment process, as per appendix 3.
- From April 2015 where a HNP moves from the Primary phase to Secondary phase funding we will continue to fund the secondary school at the primary aged funding rate up until the end of December. This is because the change to the interventions is unlikely to be confirmed until sometime in the autumn. The new secondary school funding rate will be effective from January.

5. Affordability

- 5.1 The affordability of moving to this new eligibility process is currently unknown, and is therefore a major area of concern for both the working party and the LA. The costs will only be known once all schools and academies complete the process for all HNS to capture their intervention costs (as per appendix 3).
- 5.2 We also need to consider the affordability in the context of overall DSG position for the medium term.
- 5.3 If the overall costs exceed the current available budget then one option that the Local Authority could deploy is to reduce notional SEN budgets to top up High Needs budgets. The logic for this option is that the current costs of meeting the needs of high needs pupils whose statement is under 25 hours are being met from the schools' notional SEN budget. If the new process now captures these pupils then the funding needs to move so that it is aligned with the correct budget.

6. Conclusion

- 6.1 The Local Authority is aware of the need to move to a new method for determining mainstream schools' eligibility to access high needs funding. However it must do so in a controlled and affordable way, while ensuring pupils' learning needs are being addressed and funded properly from within school's budgets before there is a call on any additional high needs funding. The initial findings from the limited sample suggest an increased cost from the process set out in this paper, which is a cause of concern. We feel that we need to undertake further work in 2014/15 by testing a greater sample of schools and also from testing the quality assurance checking process through the LIFTs. This should provide us with a more accurate assessment of the likely costs of adopting this methodology and if the costs are greater than the current budget then we will need to consider how this is funded. One option to explore is the transferring of some notional SEN funding to the High Needs block. We will assess this in the coming year. We would look to clarify our options with the DfE in 2014/15.

7. Recommendations

The Schools' Funding Forum is asked to note the following:

- a) The new methodology will not be introduced in 2014/15. There will be a delay in implementation until further detailed development and moderation of the new

system is undertaken, and a more accurate assessment of the likely cost is determined.

- b) The LA will update the Forum during 2014/15 on its progress with further testing/sampling on a greater number of schools.
- c) The LA will speak to DfE colleagues about the possible transfer of schools' notional SEN budgets to the High Needs block.