SCHOOLS' FUNDING FORUM

SUBJECT:	Notional SEN Budget Calculation 2021-22 Update
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SUMMARY:	The SFF are asked to consider the decision made to change the notional SEN Budget for 2021-22 following concerns from schools
FOR:	Decision

1.   Introduction & background

1.1   The budget consultation for 2021-22 schools budget included a proposal to update the notional SEN budget calculation to include the Minimum Per Pupil Funding Level and Minimum Funding Guarantee budget factors. This was to ensure schools of a similar size and budget share were able to access additional funding to support the first £6,000 of additional support for children with Special Educational Needs (SEN), more equitably. This was highly supported by schools in the consultation (70% agreed with the proposal). Since it's introduction in April, a number of schools (we are aware of 5 schools) have raised concerns about the negative impact of this proposal on their budgets. The council has been asked to raise this issue with the SFF to consider whether any further action(s) should be recommended.

SEN Notional Budget

1.2   It is a DFE requirement for all Local Authorities to identify a notional SEN budget as part of the budget setting process. The notional SEN budget is intended to represent an indicative sum that schools may set aside from their school budget for pupils with SEN. There is no nationally prescribed formula and local authorities, in consultation with the schools, are required to agree a calculation. In Kent, a school's notional SEN budget had historically been defined as the total of the factors listed below.

Budget Factors included in notional SEN budget calculation	Budget Factors excluded from the notional SEN budget calculation
Deprivation (IDACI)	Basic Entitlement
Ever6FSM	FSM
English as an additional language	Sparsity
Low Prior Attainment	Property factors (Rates & Rent)
Lump sum (Primary £6,235, Secondary £5,580)	Lump sum (Balance)
	*MPPFL**
	*MFG**

included as part of the SEN budget calculation from 2021-22

1.3 The calculation of the schools' budget had remained relatively unchanged until 2020-21 with the mandating of the Minimum Per Pupil Funding Level. This action has seen a significant increase in the number of schools receiving funding via this factor, with 45% of schools receiving some funding (total £32,958,846) via this factor in 2021-22 (compared to 16% of schools in 2019-20, total £11,074,273).

Notional SEN Top Up Funding

1.4 In Kent, the notional SEN budget is also used to determine whether schools can receive additional high needs funding known as "notional SEN top up funding". This funding is targeted to schools which are considered to have a disproportionate number of high needs pupils relative to the notional SEN funding they receive through their formula school budget allocation. Mainstream schools are expected to meet the first £6,000 of additional costs for supporting a High Needs Pupil (HNP) (also known as Element 2 funding). The notional SEN top up funding is given to schools where the total cost of a school meeting the first £6,000 of additional costs for all high needs pupils is considered to be disproportionate to the amount of funding received through the formula budget.

1.5 In Kent, the "notional SEN top up amount" is automatically calculated to ensure no school pays more than 10% of its notional SEN budget towards the first £6,000 of an individual's additional costs or pays more than 28% of its notional SEN budget towards the total £6,000 contribution for all High Needs Pupils (HNPs) in the school.

1.6 The top up funding for those schools considered to have a disproportionate number of high needs pupils is not a national requirement. It is a Local Authority decision, in consultation with schools, as to whether a fund exists and how it is calculated.

2. Rationale for the Change in notional SEN budget

2.1 The impact of mandating the MPPFL and significant increase in funding channelled through this factor meant there was a need to review it's impact of the notional SEN budget. In doing so we identified a discrepancy with the calculation which meant schools of similar size and budget share were not gaining access to the additional top-up funding at the same rate. This is best explained by looking at an individual school level, the example used in the consultation were 2 real Kent schools. Below is the extract from the consultation on proposal to include the MPPFL and MFG in the calculation:

We are seeking your views on the proposal to update the calculation for the SEN notional budget to include the total value of the Minimum Per Pupil Funding Level (MPPFL) and Minimum Funding Guarantee (MFG). Schools receive funding via these factors when their total formula budget is less than the minimum level prescribed by the Government. The inclusion of this factor in the notional SEN budget would increase parity between schools. Currently a school whose formula budget includes funding via the MPPFL or MFG will trigger "notional SEN top up funding" sooner than a school who has a similar number of pupils and total levels of funding. This is best demonstrated with an example: Table 3: Below is an example of 2 schools of similar size and total funding (approximately 300 pupils each)

Table 3	School A			School B	
Formula Factors	Formula Budget £s	Notional SEN Budget £s		Formula Budget £s	Notional SEN Budget £s
Basic Entitlement	843,092			843,092	
Free School Meals	11,476			15,761	
Ever6 FSM	8,922	8,922		11,348	11,348
Deprivation	20,775	20,775		630	630
EAL	45,430	45,430		3,355	3,355
Low Prior Attainment	75,664	75,664		45,415	45,415
Lump Sum	120,084	6,235		120,084	6,235
MPPFL	0	0		74,065	0
Total Budget	1,125,443	157,026		1,113,750	66,983
Per Pupil Budget Funding	3,789			3,750	
Threshold for Notional SEN Top Up Funding (28%)		43,967			18,755

Under the current calculation for notional SEN top up funding, School A would be eligible for extra funding towards the first £6,000 additional costs for HNPs once the total number of HNPs exceeds 7, whilst School B, whose proxy indicators (such as deprivation & low prior attainment) suggest there would be generally less demand for SEN provision, would be eligible to receive notional SEN top up funding once the total number of HNPs exceed 3 even though both schools have a similar number of total pupils and budget. The presentation would be similar if School B received funding via the MFG instead of MPPFL. By including the MPPFL and MFG factor in the notional SEN budget calculation, it would help to ensure schools are treated more equally when receiving this extra funding.

2.2   A table was also provided as part of the consultation showing the change in the notional SEN budget for every school.

2.3   Appendix A provides further details comparing the Notional SEN budget by school and the impact of the change on claiming additional funding. This shows the notional SEN budget for all schools based on the old and new calculation.
It is also shows the average per pupil rate of notional SEN budget and the number of children a school would be expected to fund the first £6,000 before accessing the notional SEN top up funding. School groups have been included so you can compare by size.
The final columns show the total number of children with additional needs the school has claimed high needs funding and the estimated reduction in funding for the first £6,000 as a result of the notional SEN budget calculations.

3.   The impact of this proposal

3.1   The proposal meant the notional SEN budget would increase for schools receiving funding via the MPPFL and MFG factors, and therefore a higher number of children with additional needs would be required to trigger the

notional SEN top up funding than in previous years. When this was originally modelled, the impact was based on the 2020-21 budget, and estimated to be £1,000,000 across 72 schools (on average a school would have to fund an additional 2 children before accessing the funding with the average impact of £13,761. The max impact for an individual school was £64,494 (2.8% of school budget). Schools eligible for funding via the MPPFL have also seen higher increases in their school budget than those without therefore it was expected the reductions would be more than matched by increases in their main school budget.

	Number of schools impacted by change to calculation	Total Change in Top Up	Average Difference per school	Maximum Difference
Primary Below 105	2	£2,244	£1,122	£1,911
Primary 106 to 140	0	£0	£0	£0
Primary 141 to 175	0	£0	£0	£0
Primary 176 to 210	12	£26,245	£2,187	£7,768
Primary 211 to 315	12	£66,595	£5,550	£20,738
Primary 316 to 420	19	£290,027	£15,265	£38,997
Primary 421 and abo	26	£603,498	£23,211	£64,696
Selective	1	£2,210	£2,210	£2,210
Non-selective	0	£0	£0	£0
All-through	0	£0	£0	£0
Total	72	£990,819	£13,761	£64,696

Please note this table only details the schools impacted by this proposal a further 150 schools also received notional SEN top up funding.

3.2   The main feedback from schools impacted by this proposal has been they feel this is penalising schools that are being more inclusive as they are no longer receiving the funding they previously were (as the bar to access the funding has increased).

3.3   Since the original modelling was completed, the total impact of this proposal is now greater as the number of children identified with additional needs (costing more than £6,000) in mainstreams schools has increased significantly, along with the further increase in the MPPFL in 21-22, Based on the current number of children receiving high needs funding (Element 3) and using the 2021-22 budgets, the impact of including MPPFL in the notional SEN budget top up calculation is now estimated to be £1,928,000 across 152 schools. The table below summaries the impact by size of school: 61 schools will no longer exceed the 28% limit, on average a school will need to fund the first £6,000 of 2 additional children with additional needs than previously. The maximum impact is £89,880, this relates to one primary school, with just over 600 pupils, this equates to 3.5% of their total school budget. This particular school's budget had increased by £150,822 in 21-22 (excluding impact of TPG, £458,072 since changes to MPPFL in 2019-20).

	Number of schools impacted by change to calculation	Total Change in Top Up	Average Difference per school	Maximum Difference
Primary Below 105	11	£13,007	£1,182	£2,996
Primary 106 to 140	6	£5,466	£911	£2,146
Primary 141 to 175	4	£1,927	£482	£1,462
Primary 176 to 210	41	£264,831	£6,459	£20,193
Primary 211 to 315	24	£189,025	£7,876	£25,587
Primary 316 to 420	35	£651,665	£18,619	£52,956
Primary 421 and above	29	£799,558	£27,571	£89,880
Selective	2	£3,444	£1,722	£3,206
Non-selective	0	£0	£0	£0
All-through	0	£0	£0	£0
Total	152	£1,928,923	£12,690	£89,880

Please note this table only details the schools impacted by this proposal a further 130 schools also received notional SEN top up funding.

4.   Discussion

4.1   At the request of several schools the Schools Funding Forum are asked to discussion the impact of this changes.