School Financial Success
a helping hand to outstanding financial leadership

Demystifying High Needs funding

Julie Cordiner

Education Funding Specialist

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What we'll cover

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- Why is High Needs funding so complex?
- The hidden threat to your school budget
- Changes in the wind – why and how?
- How to respond to the changes:
  - Understand and maximise the resources available to you
  - Deliver value for money education and support
- Sources of information to help you on the journey

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My experience

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- A CIPFA accountant and education funding specialist, with 35 years experience of education funding and supporting schools
- Former Assistant Director of Education 2005-2015
- Member of DfE advisory group on school funding policy for 8 years 2007 - 2015
- Co-founder of School Financial Success with Nikola Flint (Director of Corporate Services/SLT member in a large secondary school, and an SLE)

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Why is High Needs funding so complex?

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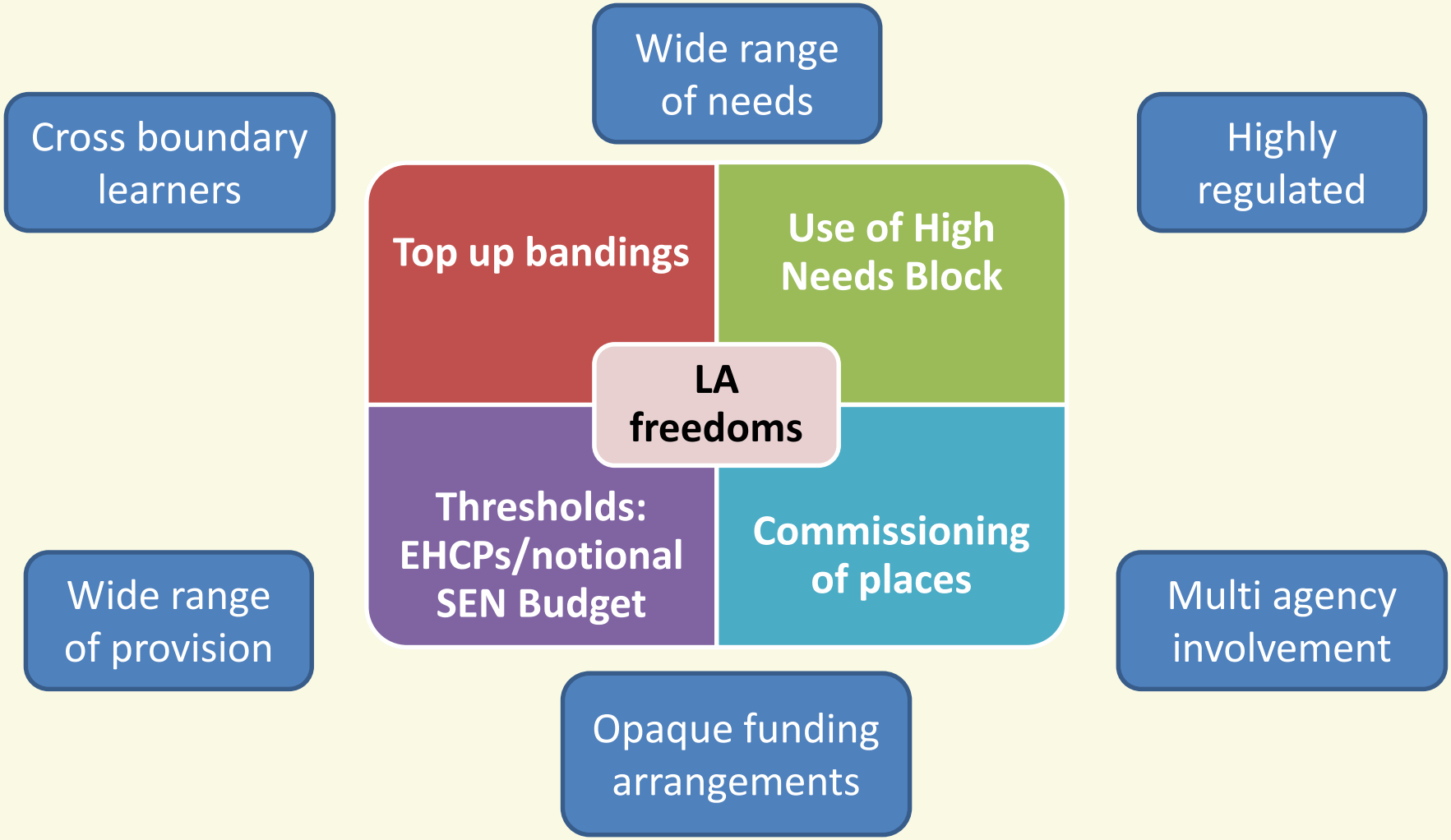

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The hidden threat

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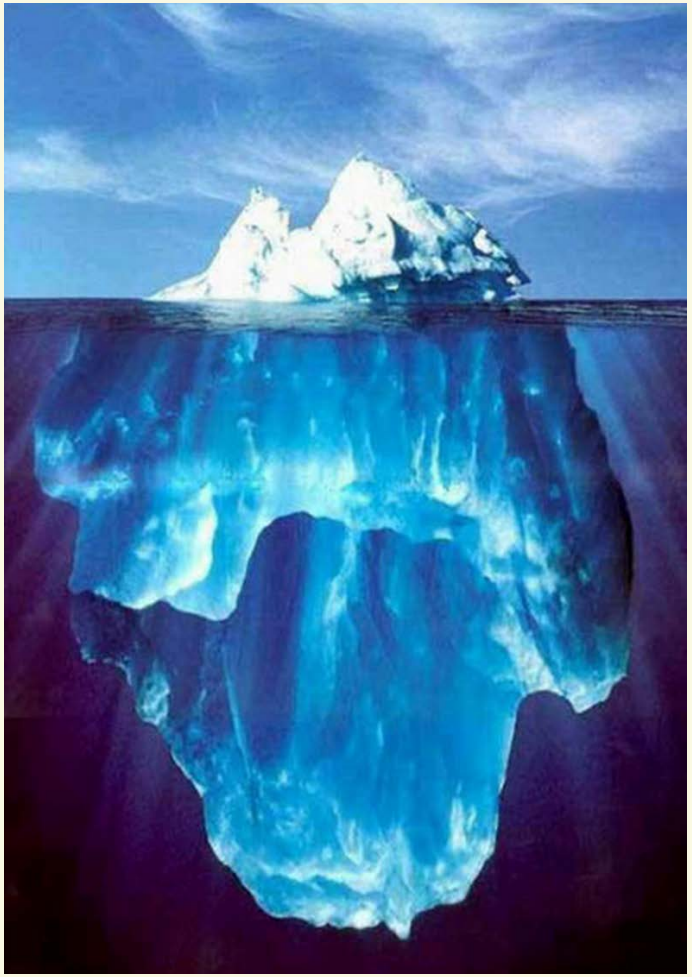
Schools NFF



High Needs NFF

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Changes in the wind
- Why?
- How?

Why is High Needs funding changing?

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1. High Needs National Funding Formula (NFF) introduced in 2018/19

2. Local authority High Needs reviews of provision, services and local funding arrangements

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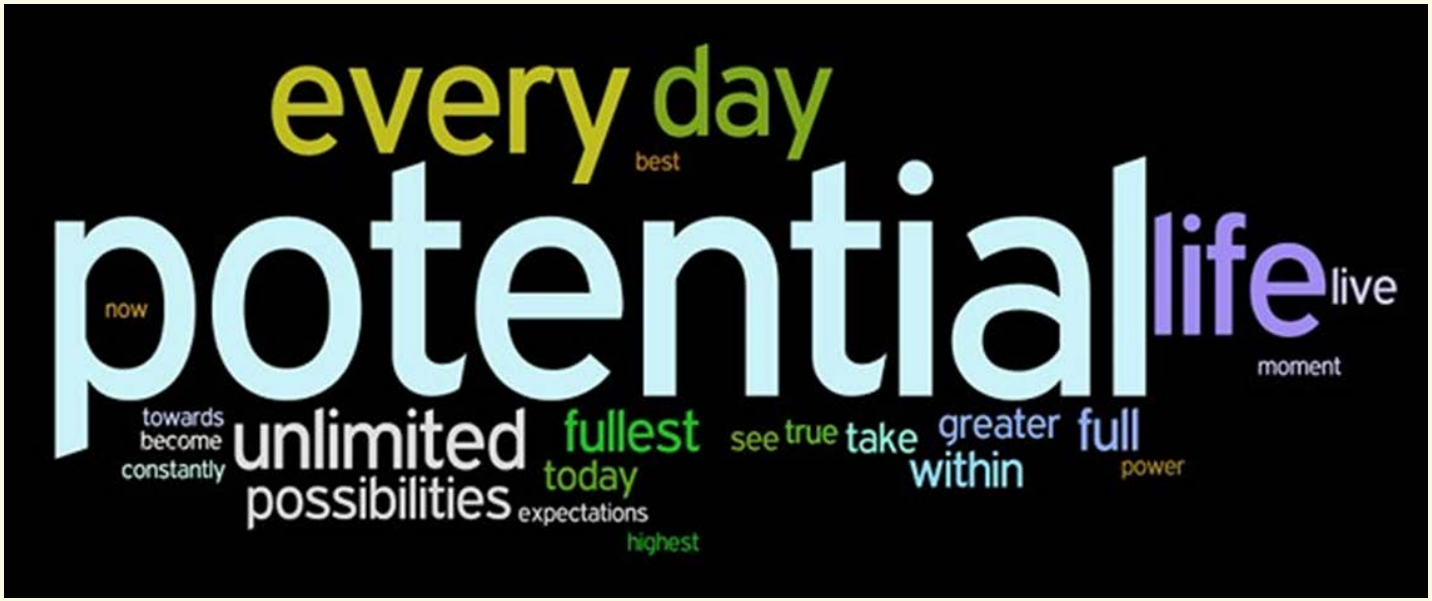
Changes in the wind 1:
High Needs NFF



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From 2018/19:

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- Funding goes from DfE to LAs as before
- Moving away from grant based on historic planned spending by LAs on pupils with SEND and vulnerable learners
- A more formulaic approach with proxy indicators
- Transition to smooth the changes – avoiding disruption to learners
- Not aligned with Schools NFF - separate

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Historic variations in High Needs funding

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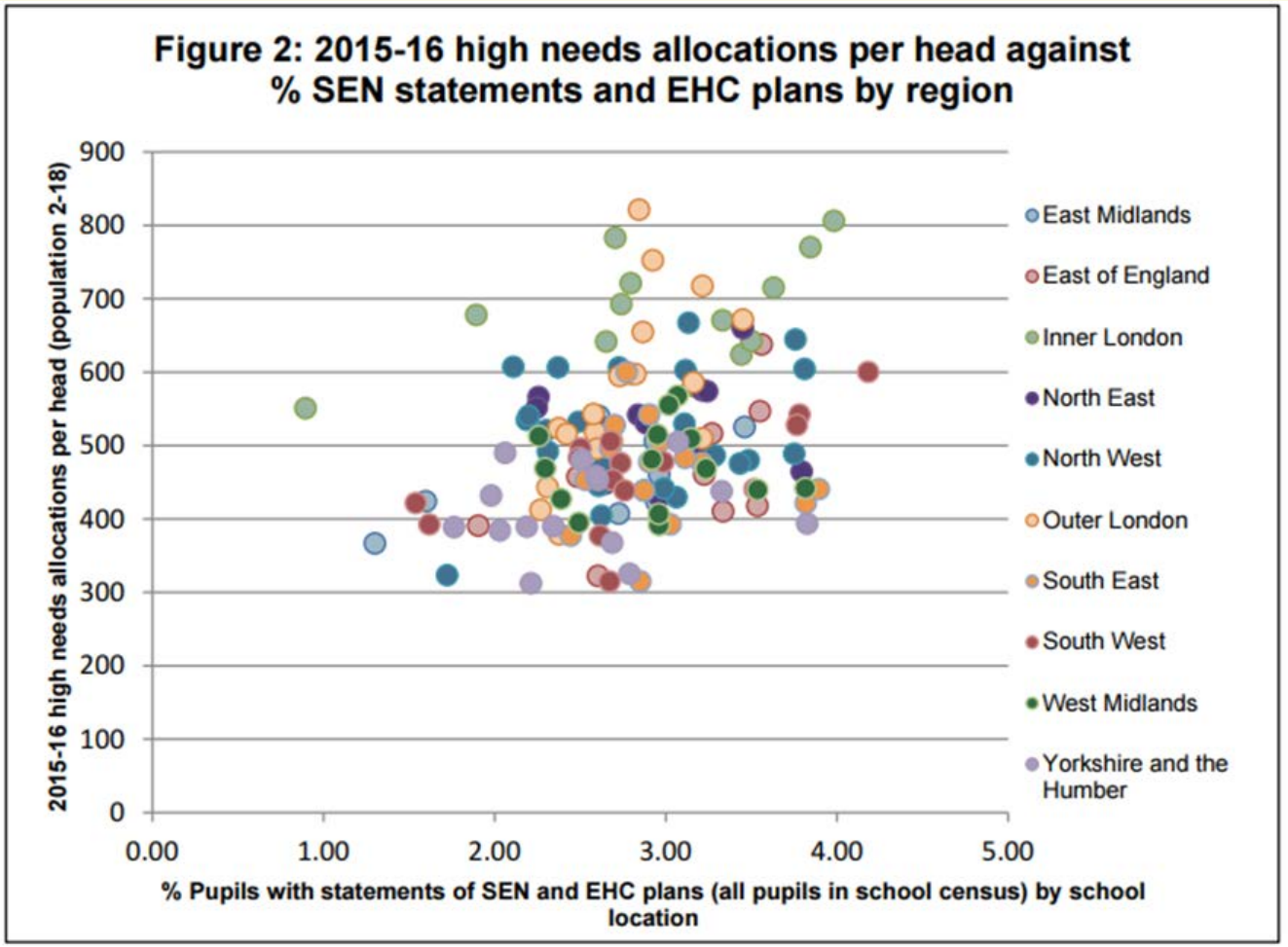

Figure 2: Shows how high needs allocations per head of population vary significantly between local authorities in which the proportion of pupils with statements of SEN or EHC plans is the same or very similar.

The new formula

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SEND and Alternative Provision	
Basic entitlement: £4k per pupil in specialist SEN institutions	
Historic spend factor: 50% of 2017/18 High Needs spending	
Population factor aged 2-18	
Health & disability factors	Disability Living Allowance
	Children in bad health
Low attainment factors (last 5 yrs)	KS2 low attainment <L3
	KS4 low attainment <5+ A*-G
Deprivation factors	Free school meals single census
	IDACI

Other formula factors and adjustments

- Area cost adjustments (ACA)
- Import/export adjustments
- Funding floor factor
- Hospital education factor

High Needs NFF Issues

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- 50% of each LA's 2017/18 High Needs planned spending is locked in – probably for 4 years
- Of formulaic elements, half is based on population – unlikely to match needs with more random incidence
- Time lag in some of the proxy indicators
- NFF not responsive enough to change in needs
- Areas with minimum 0.5% increase will struggle to cover cost pressures, let alone rising needs

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Transition 2018/19 and 2019/20

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Maximum gain 3% per capita p.a.

- 51 LAs (total capping £152m in 2018/19)

On pure formula

- 18 LAs

Minimum gain 0.5% per capita p.a.

- 81 LAs (total protection £217m in 2018/19)

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What about 2020/21 onwards?

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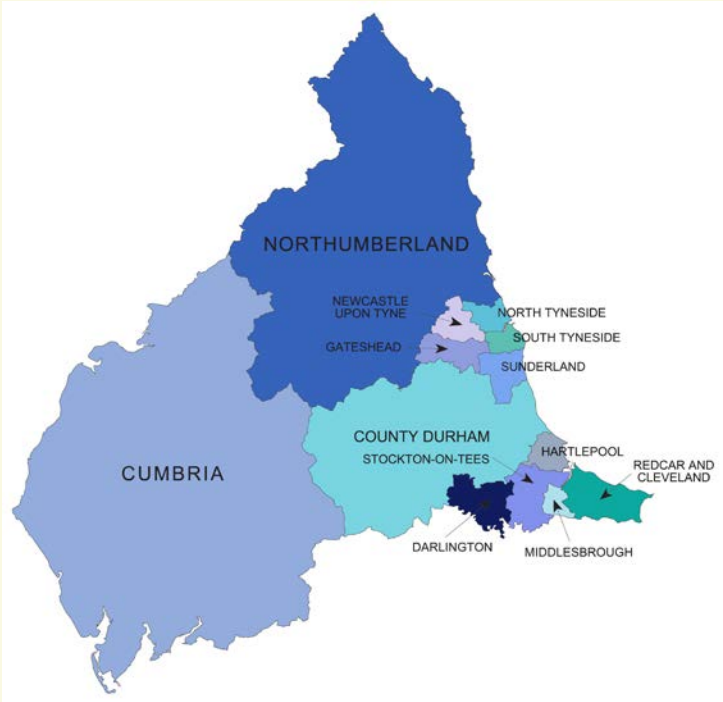
What the NFF means for the North East and Cumbria



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Regional results

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2018/19 High Needs NFF change	
London	2.6%
East of England	3.2%
East Midlands	2.0%
North East	1.9%
North West	2.6%
South East	1.9%
South West	1.4%
West Midlands	3.0%
Yorkshire and the Humber	3.2%
England	2.4%

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Northern LA results 2018/19 with transition

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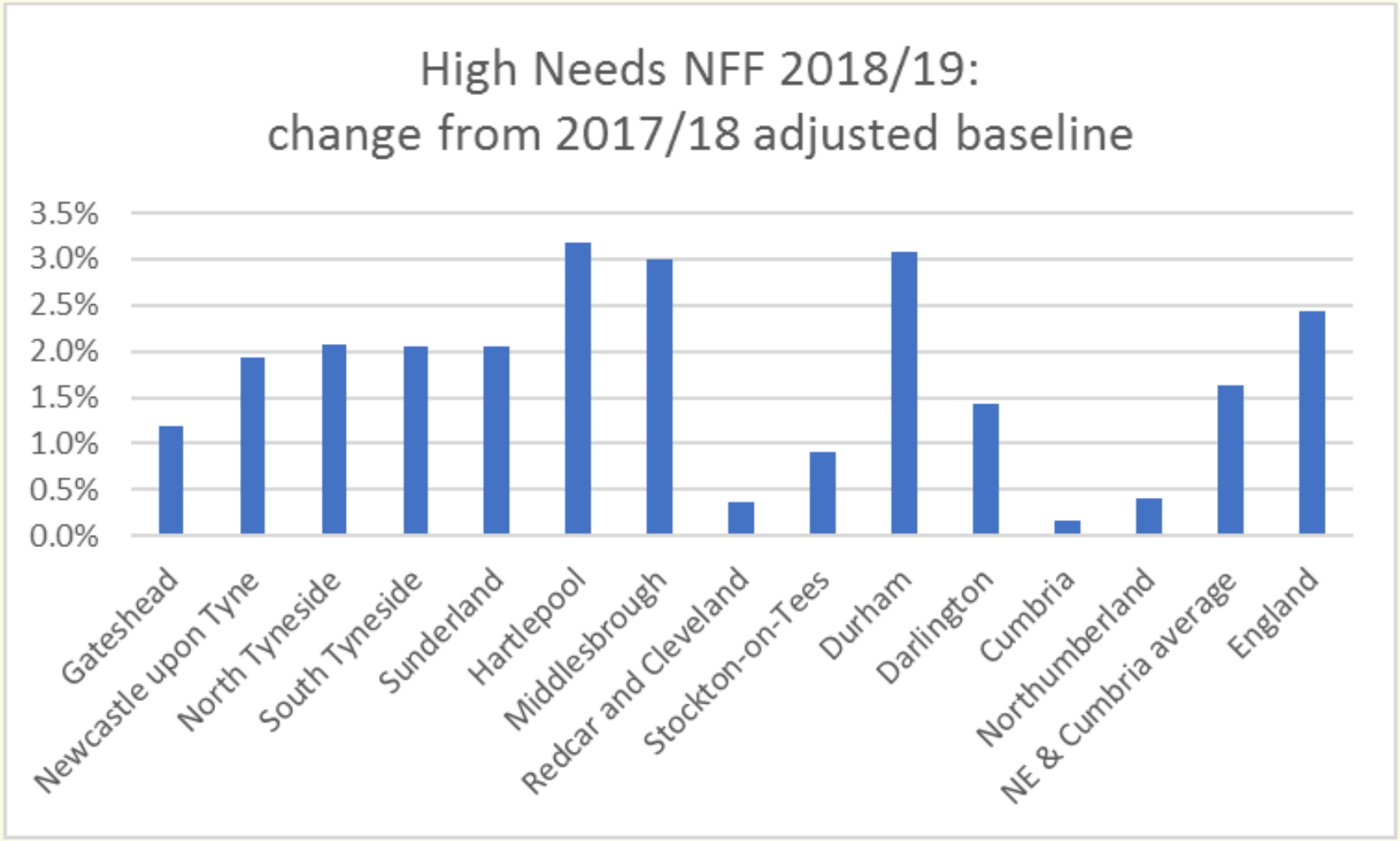

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Pure formula gains and losses

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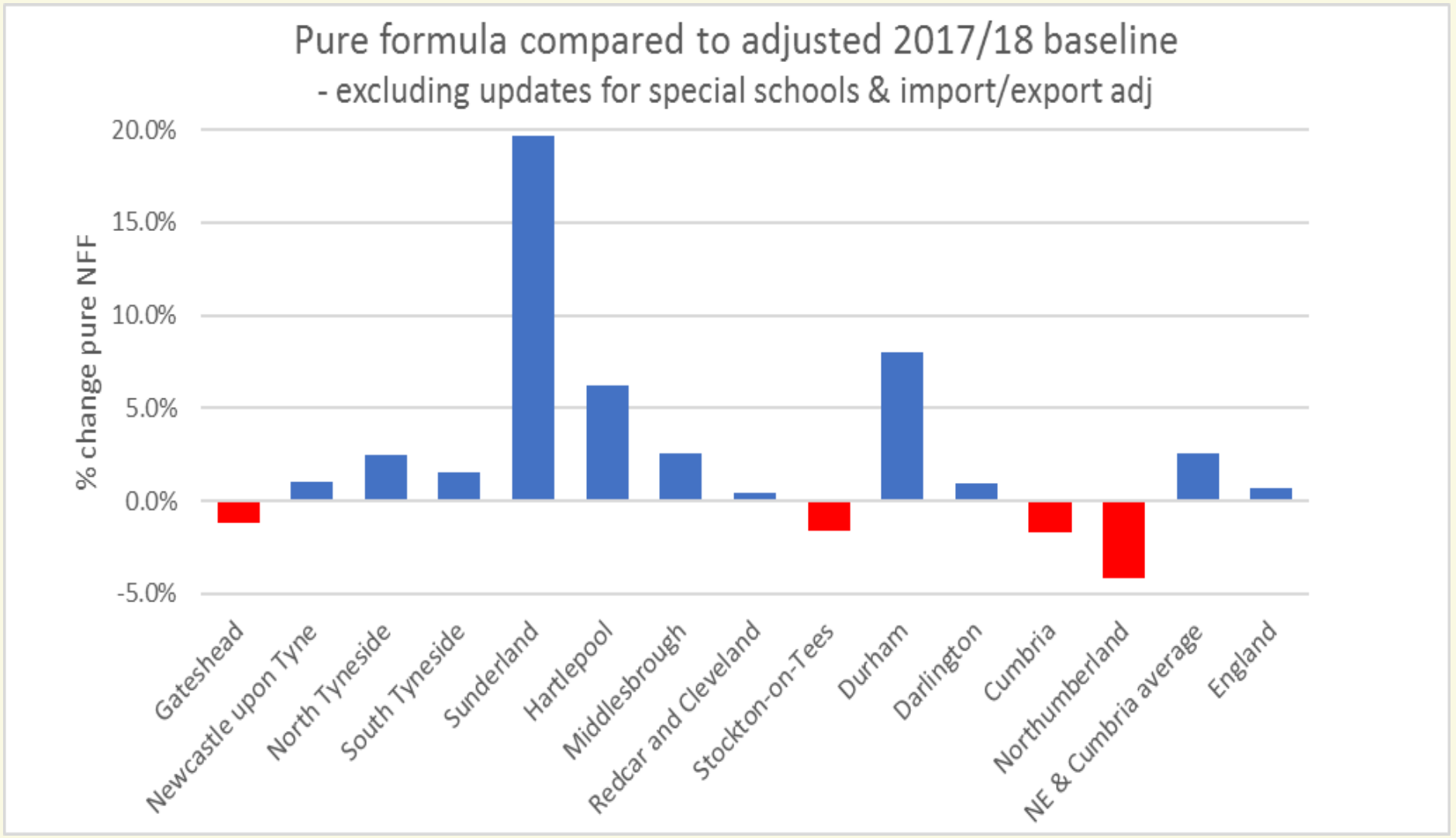

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Trends in plans

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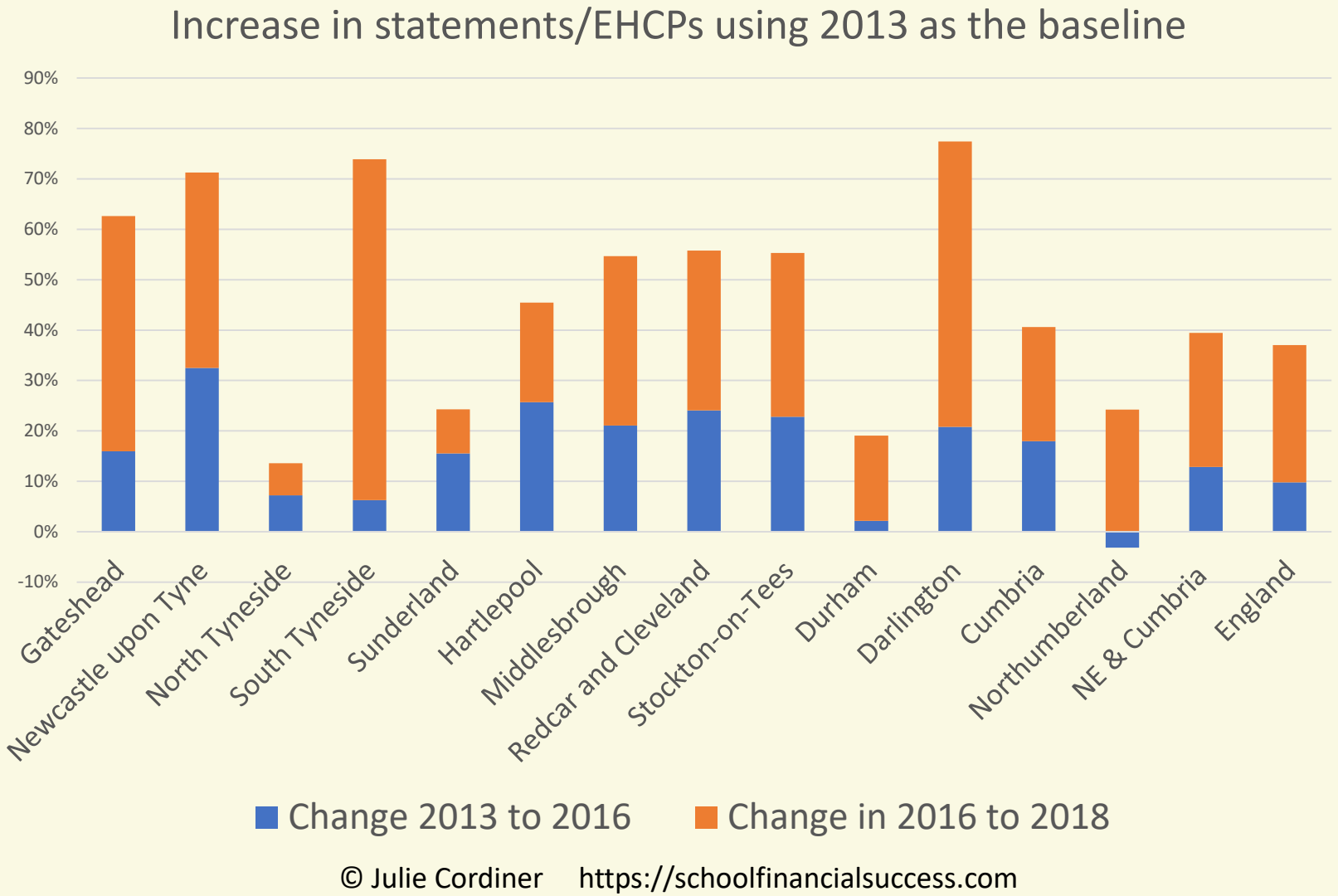

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Cost pressures

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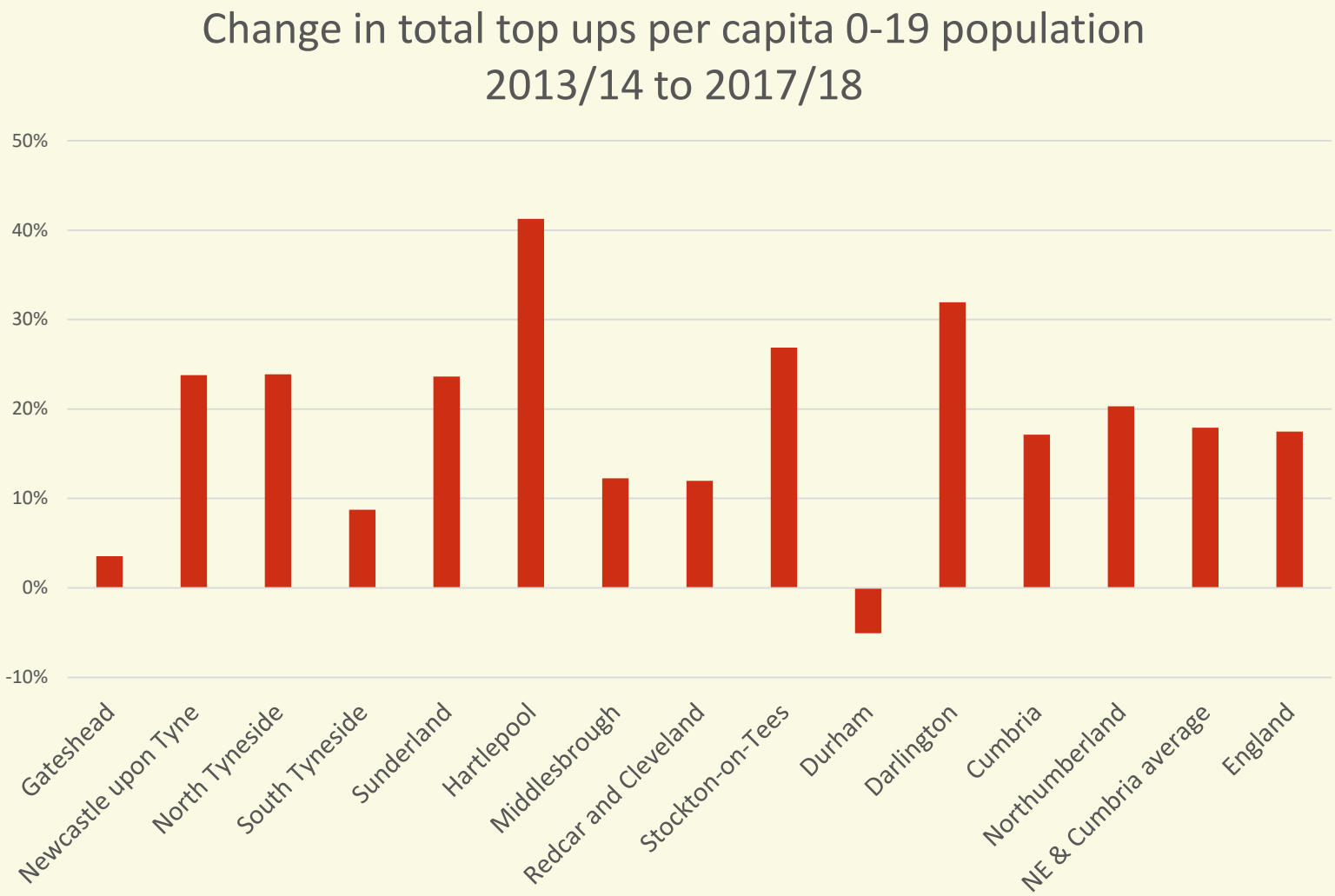

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The heat is on

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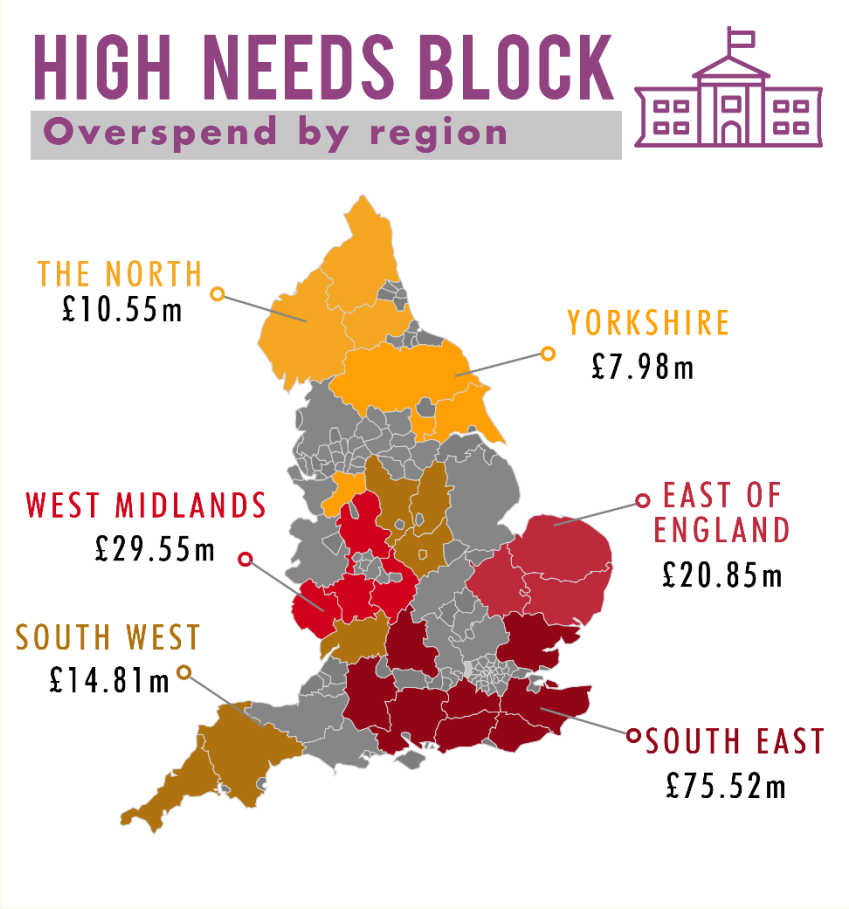
County Councils – last 2 years:

Many LAs already overspending:

- 13 NE & Cumbria LAs predicted a total deficit of £16.2m for 2017/18 (5.4%)
- ADCS survey Oct 2017: 68 out of 85 LAs anticipated a high needs overspend, totalling £139.5m



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It's getting harder to find solutions

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- Transfers to High Needs Block now limited to 0.5% of Schools Block with Schools Forum approval
- Application to Secretary of State if:
  - Schools Forum refuses to give permission
  - LA needs to transfer more than 0.5%, even if Schools Forum agrees
- DfE hasn't decided whether this can continue in 2019/20 and beyond

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Changes in the wind 2: LA High Needs Reviews

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Review approaches

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- In December 2016, DfE instructed LAs to conduct reviews and provided a grant
- Participation by children, young people and parents
- Work with key partners including schools
- Three key outcomes anticipated in reviews:
  - More **collaboration** between LAs to secure **efficient delivery** of services/provision/funding
  - A **strategic plan** for HN provision – an attractive offer that meets needs **at a sustainable cost**
  - **Better VfM** in special schools/other specialist institutions

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What happens next?

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- Publication of LA strategic plans setting out how provision will be made – should be suitable, attractive and affordable
- Capital funding – LA allocations for three years, but only for pupils with Education Health & Care Plans (EHCPs)
- Consultation on implementation plans
- Outcomes depend on where you are starting from and the interface between future funding and projected needs

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What might happen?

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- Organisational changes – mix of provision
- **Potential** approaches to achieve savings:
  - expectation that mainstream schools will take/keep more pupils with SEND and vulnerable learners (VL)
  - higher thresholds across all parts of the system
  - challenge on exclusions/expected to provide or commission earlier intervention
  - reviews of top-up funding/banding approaches
  - some LA services could be reduced or disappear
  - stronger challenge by LA on how schools spend their notional SEN budget before paying top ups
- Opportunity to expand provision – SEND capital plan

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How to respond to the changes

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Strategic response

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- Sufficient leadership capacity for SEND and VL
- Build relationships with key LA and Health decision makers and understand the High Needs funding system
- Ensure relevant staff and governors are trained to understand the range of pupils' needs and the support they need to make appropriate progress
- Check you are receiving all the funding you are entitled to for pupils with SEND and vulnerable learners
- Give appropriate weighting to provision for SEND and VL in your budget planning

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Maximising the resources available

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Pupils with SEND in mainstream classes

Notional SEN budget within budget share or GAG
(funds up to £6k extra support costs per pupil per year)

LA pays top ups for total costs above £10k
on basis of specific needs of pupils

LA may pay extra if notional SEN budget
is insufficient for high levels of SEN (inclusive)

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Notional SEN budget

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- An amount within budget share/GAG (not additional)
- Deemed to be for low-level, high incidence SEND in mainstream classes (not SEN units), i.e. up to £6k additional support costs per child per year
- Based on a percentage of various factors within the local formula
- Each LA has its own calculation
- Big variations
  - LAs use different factors and values across the full formula
  - different factors used for notional SEN budget
  - different percentages attributed to notional SEN budget

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Variations in notional SEN budget

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		Most common 3 factors		
	Overall Notional SEN Budget	Low Prior Attainment	Deprivation	Basic entitlement
Gateshead	8%	100%	18%	5%
Newcastle upon Tyne	13%	100%	26%	4%
North Tyneside	8%	100%	15%	5%
South Tyneside	9%	100%	5%	7%
Sunderland	8%	100%	51%	2%
Hartlepool	9%	100%	8%	9%
Middlesbrough	12%	100%	10%	10%
Redcar and Cleveland	13%	100%	20%	9%
Stockton-on-Tees	9%	89%	14%	5%
Durham	8%	100%	46%	0%
Darlington	6%	30%	49%	0%
Cumbria	9%	100%	50%	5%
Northumberland	8%	100%	47%	0%
NE & Cumbria	**9%**	**97%**	**30%**	**4%**
England	***10%***	***92%***	***37%***	***3%***

Use of notional SEN budget

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- Not ring fenced – can spend more, or less than this
- But… you may be challenged if outcomes and progress for pupils with SEND are not as expected
- Need to spend £10k per pupil (£4k universal, £6k extra support) before you can access top-up funding
- Consider the mix of approaches to find cost-effective solutions that maximise pupils' potential
- If you are an inclusive school and can prove the notional SEN budget is insufficient to cover needs, the LA may award extra funding

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Self-assessment

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- Do you spend all of, more than or less than your notional SEN budget on SEND?
- If less, why?
- If more, where is the rest coming from?
- Do you know how is spent?
- How much impact does your spending have?
- Are you getting value for money from the services you buy in, and are there opportunities for collaboration?

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Other resources: £, traded or in-kind

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- Use of Pupil Premium: cross-over with disadvantage*
- External grants
- Education Psychology – to help early identification and advise on school-based support in early stages
- Specialist teams – e.g. teaching support and training, autism support, sensory impairment services etc.
- Therapies e.g. speech and language
- Health services – special schools often have links
- Voluntary/community sector organisations

*27% of pupils with SEN are eligible for FSM compared to 12% of other pupils (EEF/Sutton Trust toolkit)

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Value for Money in SEND

Don’t panic…

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The key elements for VFM

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A suggested approach to VfM

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The questioning process we developed in 'Leading a School Budget Review':

- Why or how might waste/inefficiency occur?
- What can be done to improve and what is the process?
- Are there any risks in making the changes? How can risk be reduced or eliminated?
- What is the expected impact of the change?

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Reviewing SEND efficiency (1)

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Why or how might waste/inefficiency occur?

- Provision is focused on individual children without considering the potential for streamlining across small groups.
- Insufficient analysis of need, resulting in provision which does not adequately support pupils.
- Insufficient research into options for provision to find the most cost-effective methods.

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Reviewing SEND efficiency (2)

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What can be done to improve and what is the process?	
• More robust analysis of children's individual needs and the most effective approaches to meet them.	• Better training for all classroom staff to help them identify needs early and make appropriate provision or referrals to obtain specialist support as required. • Purchase Education Psychology and School Improvement Adviser time (LA, MAT or external) to advise on effective approaches and the most efficient way of implementing them in your school.

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Reviewing SEND efficiency (3)

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• Ensure spending on SEND represents value for money.	• Map out your spending on SEND. Identify gaps and overlaps, e.g. equipment which can be shared in small groups, inefficient staff deployment, lack of personalised teaching etc. • Are procurement procedures followed? Tighten up specifications and set the right price/quality balance for evaluation. • Consider options for provision – not always/only teaching assistant hours • If TA support is appropriate, do they have the appropriate skills, knowledge and experience for the type of need they are supporting?

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Reviewing SEND efficiency (4)

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Are there any risks in making the changes?	How can risk be reduced or eliminated?
• Insufficient expertise or willingness among staff to implement changes.	• Address professional development requirements and build SEND awareness into appraisal targets.

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Reviewing SEND efficiency (5)

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What is the expected impact of the change?

- The school receives the SEND funding it is entitled to.
- Value for money is achieved: SEND provision is a priority, supporting pupils to make progress in line with their potential, at an appropriate level of investment.
- Resources (staff, facilities, equipment) are available when needed and are used effectively.
- Specialist support is obtained when needed, to enhance the school's own provision.
- School teachers, leaders and governors can prove to Ofsted that they are complying with the requirement to understand how SEND funding is being used to improve outcomes for relevant pupils.

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Accountability

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- **SEN Code of Practice**: School leaders should regularly review how expertise and resources used to address SEN can be used to build the quality of whole-school provision as part of their approach to school improvement.

- **Ofsted framework** (good judgement): Governors hold senior leaders stringently to account for all aspects of the school's performance, including… the use of SEN funding.

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Sources of information to help you

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EEF/Sutton Trust toolkit

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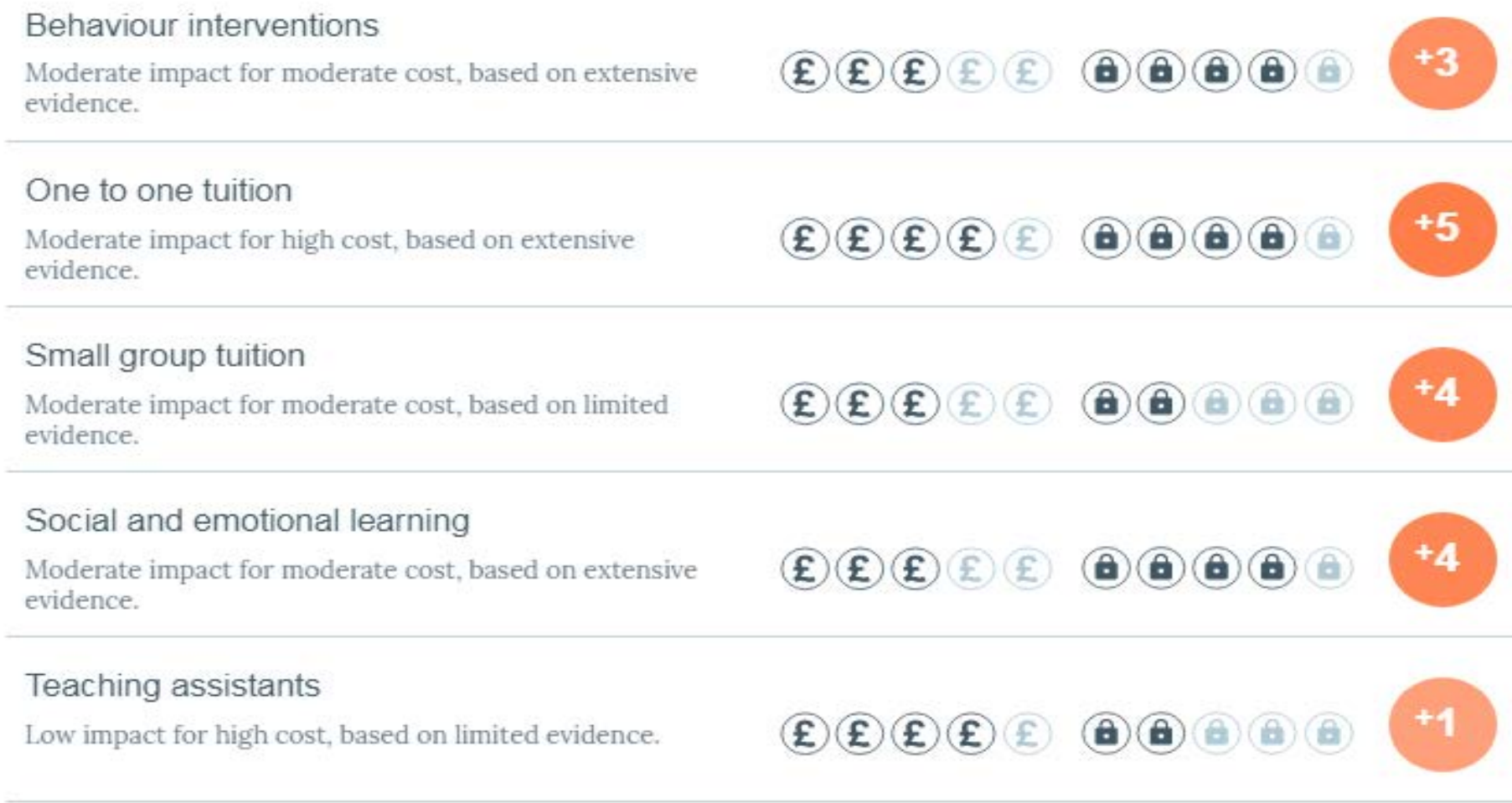
https://educationendowmentfoundation.org.uk/school-themes/special-educational-needs-disabilities/



Quality and expertise

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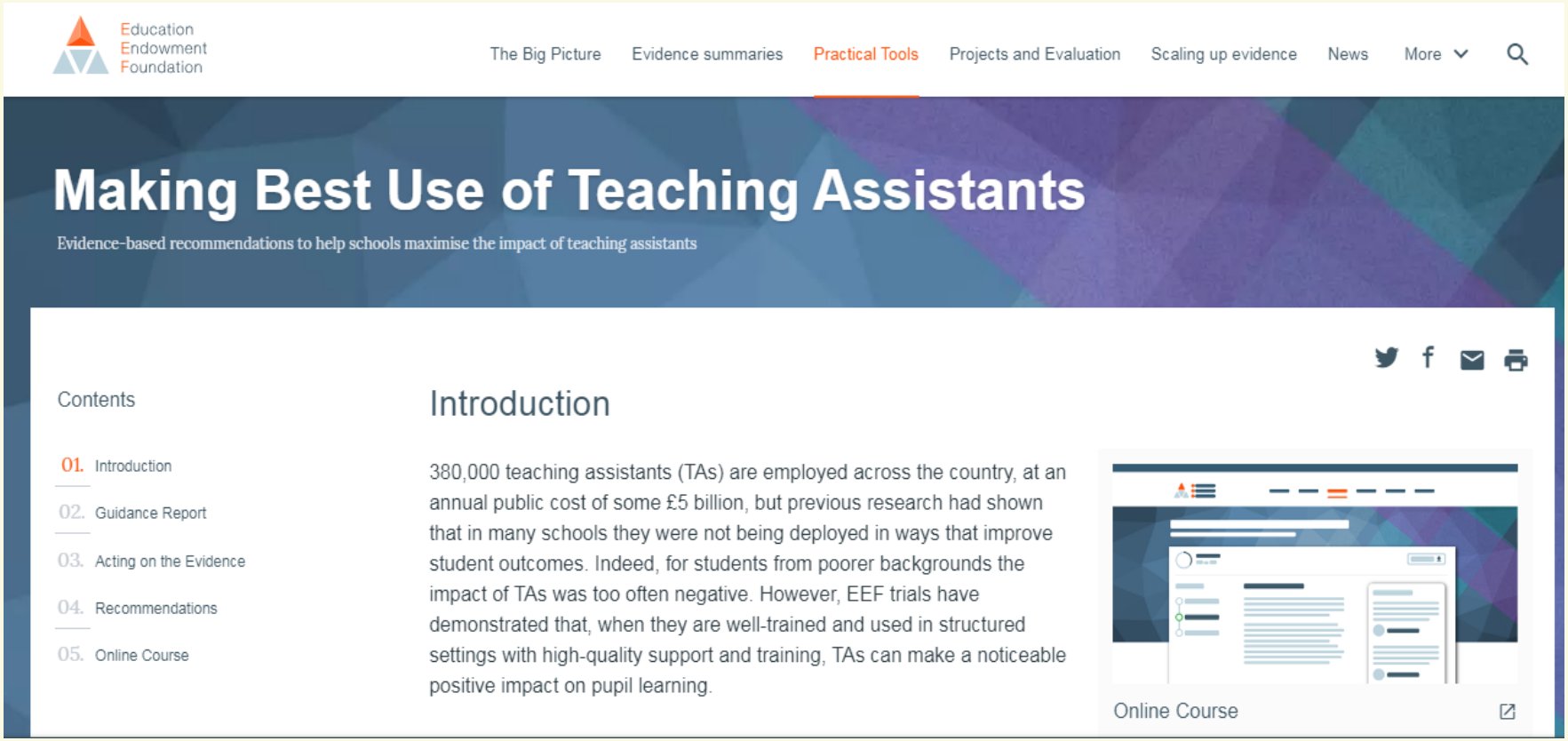
- EEF ‘Making best use of Teaching Assistants (2015) https://educationendowmentfoundation.org.uk/tools/making-best-use-of-teaching-assistants



DfE research

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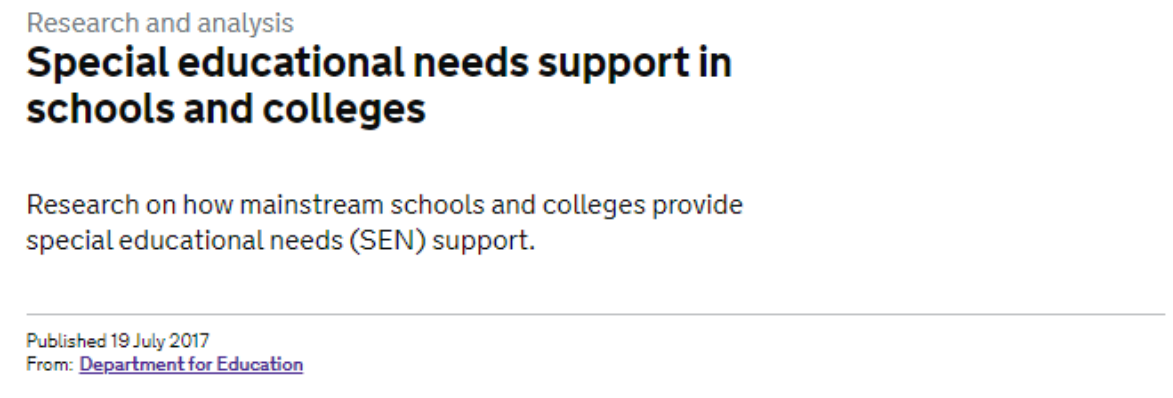
- https://www.gov.uk/government/publications/special-educational-needs-support-in-schools-and-colleges


Research and analysis

Special educational needs support in schools and colleges

Research on how mainstream schools and colleges provide special educational needs (SEN) support.

Published 19 July 2017
From: Department for Education

- Survey report
- Rapid evidence assessment
- Case studies

Information including use of resources

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- Whole School SEND – Consortium http://www.wholeschoolsend.com/ - a growing network, free to join, for networking, collaborating and unlocking the answers that exist within the system. Includes:
  - London Leadership Strategy – SEND Review process http://londonleadershipstrategy.com/content/whole-school-send
- nasen http://www.nasen.org.uk/ - information training and resources for staff working with pupils with SEND. Includes:
  - SEND gateway: http://www.sendgateway.org.uk/ online portal with free, easy access to high quality information, resources and training

Free information – our blog and newsletter

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What we offer ...

- A helping hand through times of financial uncertainty and change for schools.
- Products blending critical information with practical tips, tools, templates and timesavers.
- A series of guides to school financial success aimed at existing and aspiring Headteachers, school business managers and school leaders, governors, LA officers and any other partners involved in strategic finance work.
- Wide-ranging, strategic knowledge and extensive experience in education support services and school improvement; including advising schools and local authorities on how to achieve sustainable budgets and secure value for money in the use of resources.

We want to share our knowledge and experience in the interests of a better deal for children and young people, where resources are managed well to promote outstanding education for all.

Nikola Flint Julie Cordiner

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School funding guides

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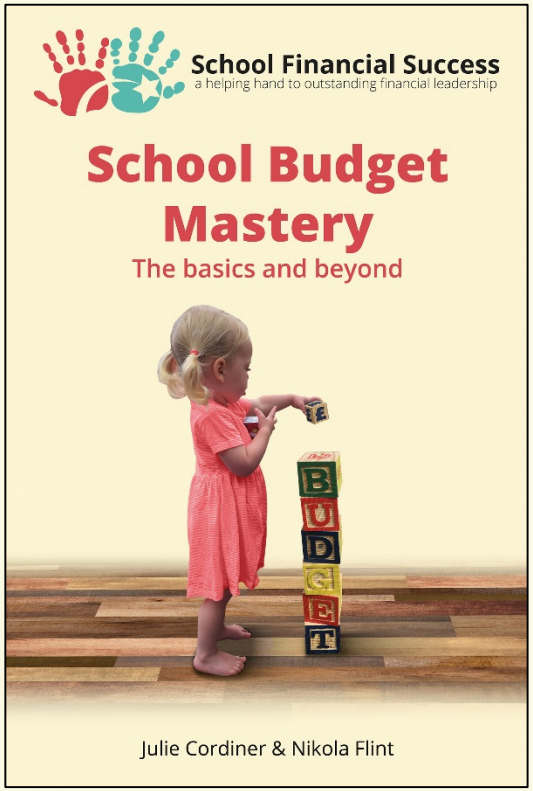

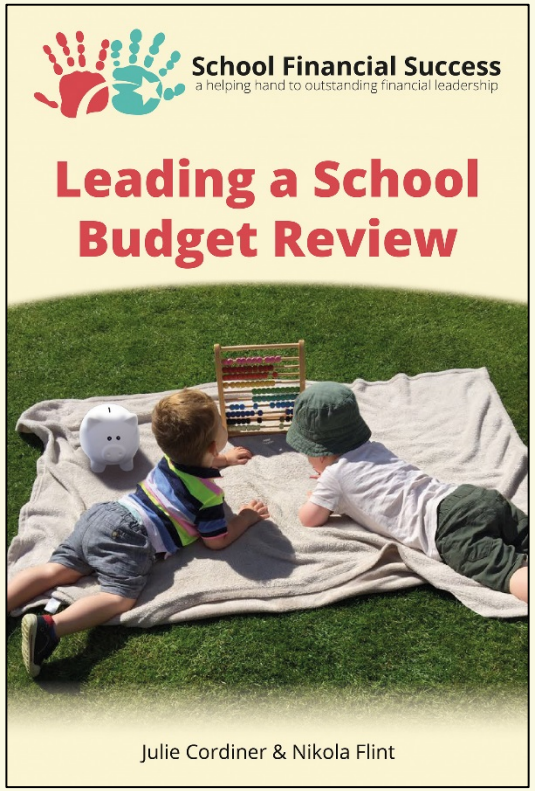

Amazon: Print (£14.99) and Kindle ebook (£4.99)

Planning online courses – ideas for topics welcomed

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Questions?

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Demystifying High Needs funding

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