

<b>Date:</b> 13 <sup>th</sup> October 2016	<b>Item</b> 7	<b>Type of report: For information and decision</b>
<b>Report title:</b>	<b>Review of SEND Funding – Working Group</b>	
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### Executive Summary

This report provides schools forum with an update on the progress made at the third meeting of the SEND Working Group, involving Headteacher representatives, set up in April to review the top up funding paid to mainstream schools for children with an Education Health and Care Plans (EHCP).

### Schools Forum Actions

The Working Group is asking the Schools Forum to support the Local Authority to:

- Consult schools on a new banding structure to replace the current two band top up system to be implemented from April 2017. This would include an analysis of the projected expected costs and funding for the change
- Set up a fund to support schools with a disproportionate number of pupils with SEN/EHCP subject to funding being available.

### Background

1. The July 2016 Schools Forum received a verbal update on the work of the mainstream schools SEND funding Review Working Group (the Working Group) set up to review the current banding system for top ups paid to schools with children with EHCPs. The following bands are currently used:
  - Band 4: £12,715; and
  - Band 3: £15,125
2. The review particularly focussed on the step change between Band 4 and the £6,000 funding schools are expected to fund from their Individual Schools Budget (ISB) for pupils with SEND and/or EHCPs. The Working Group met on 22<sup>nd</sup> September and received a report from the LA setting out proposals for a new more progressive top up banding structure that addressed the large gap between Band 4 and the first £6,000 of cost.
3. The Schools Forum will be aware that the current process to award a top up payment involves the completion of a Ready Reckoner (RR) spreadsheet by the SEND team, in consultation with schools and parents, which establishes the costs of the educational support proposed in the EHCP. The outcome is then reviewed by the SEND panel which can recommend a top up payment based on Bands 3 or 4 above.

4. The RR reflects the costs of the staff involved in providing the level and frequency of educational support set out in the EHCP with the school being expected to meet the first £6,000 of cost identified in the RR. By way of an example the current system operates as follows.
  - a) The RR indicates total cost of support of £15,000 the School meets first £6,000 from its ISB leaving £9,000 to be funded by the LA. The SEN panel agrees a Band 4 top up of £12,715 as this is the closest band.
5. The example illustrates the inequity of the current banding structure. Whilst the system is efficient there is a risk that the outcomes might be unequal and the funding resources should mirror need.

**Analysis**

6. At the September meeting the Working Group was presented with analysis of a sample of 90 current RRs to identify the range of costs generated and how they clustered around bands of £1,000. The clustering is set out in Table 1 below.

Table 1: RR Cost Clusters

Cluster Range £,000	No. in Cluster	Cluster Range £,000	No. in Cluster	Cluster Rang £,000	No. in Cluster
6 to 7	1	12 to 13	22	18 to 19	1
7 to 8	3	13 to 14	18	19 to 20	0
8 to 9	2	14 to 15	8	20 to 21	1
9 to 10	6	15 to 16	9	21 to 22	1
10 to 11	6	16 to 17	2		
11 to 12	6	17 to 18	4		

Total 90

7. The total cost from the above sample, after deducting the first £6,000 contribution by schools, was £633,000.
8. Examples of top up bands were received from 9 London councils. Most used between 3 and 5 bands with a few outer London boroughs using more or less. One council paid the actual cost of provision identified in the EHCP. Appendix 1 gives more detail.

**Options reviewed**

9. The Working Group reviewed the analysis and a number of options were considered for a new banding structure involving:
  - a) Pay actual Ready Reckoner costs
  - b) Have six bands
  - c) Have four bands.
10. Discussion followed around the advantages and disadvantages of each option with the key issues emerging being:

- Officers advised that using the actual cost identified in the RR would create more administration as it would attract more frequent reviews arising from small changes in a child’s needs. The meeting recognised that the RR always required updating following pay awards and changes in staff terms and conditions
- Headteachers requested that officers clearly set out the transition to a new banding structure so that schools fully understood when and how the new bands would apply, for example as a child transitions through the key stages
- The need to model the financial impact of a new banding structure informed by the analysis of the current 90 RRs.

11. Headteacher representatives strongly supported the four band option and the Working Group agreed that officers develop four band values for presenting to the Schools Forum with a view to consulting all mainstream schools so as to implement the new structure from April 2017.
12. The overall objective would be to create a workable banding structure that:
  - Increases flexibility to match funding with the cost of the educational support identified in the EHCP
  - Keep within budget.
  - Reduce administration

**Proposed Top Up Bands**

13. The four proposed bands are set out below and address the objective set for the Working Group in October 2015, namely that it addresses the large gap between the first £6,000, funded by schools, and the current Band 4 top up of £12,715:
  - a) £4,000
  - b) £8,000
  - c) £12,000
  - d) £16,000
14. Schools would be consulted on the range for the RR costs that would attract a particular band. By way of an example, using the 90 RR sample, the analysis below illustrates the impact of a set of ranges for the 4 band structure along with how many RR costs fall into each range. The working assumption that only for a Band 1 payment is that schools would meet the first £1,000 over the initial £6,000.

Band	Range	Number in cluster sample
Band 1	£1,000 to £6,000	24
Band 2	£6,001 to £14,000	57
Band 3	£10,000 to £14,000	7
Band 4	£14,001 plus	2

15. As indicated above, using the new four band model would offer improved flexibility and effectiveness in the distribution of the high needs block resources. The LA would recycle any funding resources gained back into supporting children who need a higher level of educational support. Table 2 below shows the overall financial impact of the new structure when compared to the top up costs from the RR sample.

Table 2: Financial Impact of New Banding Structure

Cost from RR	Less £6k	Current Band Payment	New Bands Payment
1,173,129	633,129	1,149,170	668,000

### Transition to a New Banding Structure

16. It is proposed that the new structure would commence from April 2017 with the following provisos:
- The new structure would apply to new Southwark pupils with an EHCPs approved on or after 1<sup>st</sup> April 2017
  - For current pupils with an EHCPs who move through an educational phase (such as a key stage) a transition strategy will be developed to ensure there is minimal turbulence in the funding.
17. Further modelling of the financial and budgetary impact of the proposed new banding structure, including transitional arrangements, will be completed by officers over the autumn and presented to the next Working Group before the December Schools Forum meeting. This will identify potential funding changes for those schools most affected by the introduction of the new structure, particularly those whose RR cost is at the top of the ranges set out above, and the need for any transitional protection.

### Additional Funding for Schools with Disproportionate number of EHCPs

18. Over the summer officers developed a methodology for a funding process that would provide additional funding to maintained schools with a disproportionate number of EHCPs for their size. The July meeting of the Working Group approved, in principle, an approach that would use a trigger point based on the national average for SEN and EHCP pupils to identify those schools that would be eligible for this funding. The September meeting was presented with the analysis based on a 3% trigger point applied over the following steps:
- a) SEN and EHCP pupil numbers were abstracted from the January 2016 DfE data base
  - b) 3% of each school's Number on Roll based on the October 2015 census was calculated
  - c) If the total identified in step 1 exceeded the 3% the excess would attract additional funding of £6,000 per pupil
19. The example below assists to illustrate the methodology:
- There are 300 pupils on the school roll
  - There are 15 pupils who have an EHCP or SEN
  - 3% of NoR of 300 = 9
  - 15 minus 9 = 6
  - 6 x £6,000 = £36,000 additional funding.

20. Based on the 2016 DfE data 33 pupils across 8 schools would attract additional funding totalling £126,000.
21. The analysis to develop the above methodology also confirmed to the Working Group there was no evidence to indicate that schools who administer their own admission arrangements have fewer EHCP children than maintained schools.

**The Schools Forum is asked to support the Local Authority to:**

- Consult schools on a new banding structure to replace the current two band top up system to be implemented from April 2017. This would include an analysis of the projected expected costs and funding for the change
- Set up a fund to support schools with a disproportionate number of pupils with SEN/EHCP subject to funding being available.

Appendix 1: Other London Council Top Up Bands

Council	Hackney	Hillingdon	Haringey	Lambeth	Barnet	Harrow	Hammersmith & Fulham LSA	Hammersmith & Fulham Individual Support Teacher	Richmond	Hounslow
Band 1	4,984	2,200	2,313		2,432	14,001	2,595	3,720	2,374	
Band 2	6,397	2,700	5,084		5,285		5,073	8,580	7,398	
Band 3	6,841	6,100	6,622		8,137		7,953	13,440	10,747	
Band 4	12,033	8,500	7,855		10,990		10,743			
Band 5	16,650		9,393		13,843		13,553			
Band 6			10,778		16,695					
Band 7			14,935		19,548					
Band 8					22,401					
Band 9					25,253					
Band 10					28,106					
Band 11					30,959					
Band 12					33,811					
Band 13					36,664					
Notes	<p>Haringey is based on a number of 'cluster groups' that show the number of children receiving a particular funding band</p> <p>LBH&amp;F top ups relate to weekly hours of support from a LSA and/or an IST expressed as an annual sum. The first £6k is deducted to arrive at the top up. LSAs effectively have 27 bands so the 5 bands reflect 5 hour 'chunks' starting at 15 hours a week.</p> <p>Lambeth have 5 rates for different range of needs.e.g. primary school child could attract all 5 =£45,792 less £6k =£39,792.</p> <p>Richmond use the hourly costs of a LSA and/or an additional teacher. Rates reflect 12.5, 15 and 25 hours of LSA per week per year</p>									