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## DfE RESEARCH ON FUNDING FOR YOUNG PEOPLE WITH SPECIAL EDUCATIONAL NEEDS

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### Purpose of the Report

1. The purpose of the report is to update School Forum on the DfE Research undertaken to review how well the current SEN funding arrangements are working. A summary of the key recommendations is included at Appendix A, the full report can be found at: <https://www.gov.uk/government/publications/funding-for-young-people-with-special-educational-needs>
2. The report is also a useful resource as it sets out an easy to understand explanation of the funding system for SEN budgets from Early Years to Post 16.

### Background – the SEN Funding Research

3. In the Summer of 2014 the DfE commissioned Isos Partnership to undertake research into SEN funding arrangements and practices to inform potential further reforms of SEN funding.
4. The two main objectives were to:
  - gather and report information on the incidence and costs of provision for pupils and students with SEN; and
  - to inform the development of funding policy intended to improve the way in which pupils and students with SEN are funded.
5. The research has provided insight into the way SEN funding is spent, the reasons for differences between spending in different local authorities and the options for changing the ways in which high needs funding is distributed in the future.

### Background – the SEN Funding Reforms

6. Over the past five years there has been significant reform of education funding arrangements and these reforms are being phased in, in order to minimise the risk of year to year turbulence in funding levels. The first stage of reforms in April 2013 included:
  - changes to the way in which local funding formulae was constructed, simplification of factors;
  - the DSG was divided into the three blocks, early years, schools and high needs;
  - a new approach to funding pupils with SEN.
7. The current national SEN model is:

The 'threshold' to which high needs is identified is set at £10,000 per place.

  - Mainstream schools – receive a *notional* SEN budget within their formula, to provide a core offer for teaching and learning and up to the first £6,000<sup>1</sup>. *Top up*

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<sup>1</sup> From April 2014 this £6,000 threshold has been mandatory (DfE 2013a).

funding is provided by the LA placing a child with high needs requiring more than £6,000 additional support.

- Specialist Settings including resource bases – receive £10,000 per planned place (ie equivalent to an average AWPUP of £4,000 plus £6,000 of additional costs).
  - Early Years – are funded through a single funding formula. LA's provide top up funding for support above what a provider can offer.
  - Post 16 – receive per student funding through a national funding formula. For high needs they receive an allocation of £6,000 per student based on data from the previous year. Top up funding is also available.
  - Top up funding should be based upon the assessed needs and the cost of meeting those needs in a particular setting. Banding frameworks can be used to calculate top up funding.
8. Currently Darlington local authority (LA) delegates top up high needs funding up to £13,506 for primary schools and fully delegates the funding for secondary schools through the notional SEN element of the schools funding formula.

### **Highlighted Findings of the DfE Research Report**

9. There are examples of outstanding, innovative or promising local practice which include constructive dialogue, strategic planning and commissioning to reshape provision and schools working with parents. Table 1 on page 6 summarises how the most effective local education systems arrange their SEN funding.
10. Schools were generally positive about the strength of arrangements to identify needs of children with SEN, however over half of the schools expressed a poor view of the systems for allocating funding and how well the current funding arrangements contribute to improvement outcomes.
11. The introduction of £10,000 place funding has ensured stability, consistency, transparency and fairness and the top up element provides flexibility. Some schools can map provision against the £6,000 threshold which has led to better informed discussions about the type and cost of support that schools have been putting into place. Some schools have reshaped their provision to meet the needs of children and young people with SEN better, enabling them to benefit from a richer mix of high quality teaching.
12. When the high needs funding reforms were introduced in 2013 to maintain stability, the high needs block was allocated according to historic spending levels. However historic spend does not appear to match very closely with current levels of need. Also, there are key differences between areas summarised by:
- a) the demographic context of an area has a profound impact on the level of need, and therefore the need to spend;
  - b) parental preference is a critical driver of the nature and quantity of provision influenced by the quality of relationships and dialogue;
  - c) the capacity and ability of all types of provider, and the readiness to work together in support of a common goal has a bearing on how funding is distributed;
  - d) the strategic decisions made by the LA.
13. Some areas had only a small shift from their previous practice, but in other areas this was a significant shift. Many of the schools that voiced most anxiety about their ability to meet the pupil's needs were in authorities with lower levels of per pupil funding and a

tighter DSG settlement. Very high numbers of statements or uneven profiles of SEN in areas also found it harder to implement the reforms.

14. For Early Years, many of the challenges reported concerned the need to ensure providers have access to resources. In most cases additional funding used to support pre-school settings or provide top up funding came from the high needs block, however there were issues regarding this model. Some, like Darlington fund part or all of their support from the Early Years block with a pot of funding for specific circumstances. In the main, providers and LAs argued that the current approach provided the flexibility to shape SEN funding to meet the need
15. In terms of funding for specialist places, there were two main challenges highlighted, pressure on places in special schools and a lack of clarity about commissioning and re-allocated specialist places. Currently LAs submit returns to the EFA showing the number of places they wish to use in different settings, however the challenges LA's face include in-year pupil movement, pressure on school places, and the importance of planning the right number of places in the right settings. An approach based on lagged numbers was considered and not favoured as this gives LA's less scope to plan and commission places in order to pro-actively shape local provision.
16. Many LAs have banding frameworks to allocate funding using a variety of approaches. Five hypothetical profiles of young people were used to illustrate this. Not all the responses of providers and LAs were in 'tune' with each other and the range of top up varied. This could be influenced by a lack of consistent expectations around core provision, local existing provision eg resource bases, and local banding frameworks.
17. There were six main sets of challenges in post-16 – confusion about funding for low-level SEN; timing of planning; inconsistent approaches to top-up funding; lack of clarity about the process for developing new provision; inconsistency in guided learning hours in college's and full time places in schools; support for young people 19-25.
18. In very high complex needs the research exposed the challenges associated with effective commissioning for such a small group of children and young people and recommends a systematic regional or sub-regional approach to commissioning, however the government were to decide to implement a formula for schools, then the effective ring-fencing of the high needs block may lead to additional pressures on high cost services for which demand is uneven.
19. Role of school forum's in relation to SEN funding was developing to provide effective strategic oversight of SEN funding with the support of specialist LA officers.

### **Conclusions of the Research Report**

20. The research conclusions are based upon a small but broadly representative group of 13 local education systems. It should therefore be noted that it may not be appropriate that all of the issues highlighted are relevant to Darlington, or it may be that Darlington's strategies and processes already address some of the proposals. However, the research does highlight that there are issues common to many areas.
21. The abiding principle of the recommendations is that it is important that educating institutions make a contribution to meeting the needs of young people with SEN from their core funding. If all funding for supporting students with high needs was held separately by LAs but for lower levels of need had to come from an institution's core budget, this would create perverse incentives to identify students as having high needs. Having consistent expectations that institutions contribute to the costs of supporting all with SEN is key to ensuring that they meet the needs and do not see SEN as an 'add-on'.

22. There are 17 proposals for the DfE to consider on how the SEN funding system might be improved in future which fall into three different categories.
- Shining a light on effective practice and on how the current system is intended to work;
  - Improving the way in which funding is allocated to make it fairer, more transparent or to ensure that it is better targeted at need;
  - Better decision-making.

Some key conclusions are set out in paras 23-31.

23. The proposals for reforming the existing arrangements envisage that the DfE should move to a formula for the allocation of the high needs block. The impact on this would possibly remove the facility of moving funding between blocks, and would place an absolute premium on getting the distribution to LAs as fair as possible. The formula would need considerable further modelling and testing and a move to this would require a considered transition and must be included in the wider policy and funding context.
24. Differences between schools (see para 12), are hard to reflect in formulaic approaches. Some LAs are already agreeing and introducing consistent expectations of support for children with SEN which include shared commitments for 'core entitlement' for any child with SEN. In Darlington we will be issuing the 'Graduated Response guidance' which will be introduced to all schools SEN Co-ordinators. This sets out practical examples of the provision that schools or other settings might put in place to support children with SEN, broken down by the four categories of need described in the Code of Practice.
25. Notional SEN budgets vary considerably between LAs and if schools were to use the notional budget as a guide to how much they should spend, this would lead to inconsistent decisions therefore the proposal is for the notional SEN budgets to be removed. However the system is not yet mature enough, so clearer support such as through financial planning tools, would help schools work out levels of SEN spend in the area of 'low-level' SEN support.
26. An approach to align funding and commissioning processes more closely with LA statutory responsibilities is preferred in planning for special needs places. In order to do this there would need to be clear and transparent agreements about how many places LAs would commission (ie through contracts/service level agreements). Darlington is moving to this position. Where new specialist provision is required there would need to be a process for accessing capital funding to support this development.
27. To improve the top up system the DfE should consider whether additional principles or standards would enable more effective and consistent approaches by LAs. This would include core elements to operate a funding system and as a minimum, planned processes, payment timescales and review requirements.
28. In Early Years it is considered that future local strategies and funding arrangements should be built upon clear expectations about what support providers are expected to offer; a concrete offer from LAs of additional advice and expertise and agreed criteria for accessing additional top up funding.
29. For 16-25 institutions the recommendation is to incorporate the current allocation of £6000 ('element 2') for each high-needs student with the post-16 national funding formula and SEN places in SPIs should be funded at £10,000 with top-up funding provided above this level.
30. There could be some high needs budget system changes, for example, including an element that could be created specifically to fund very high-need low-incidence SEN. This would involve top-slicing local budgets to create a pot of money for commissioning

and funding highly specialist provision. Or another option is to include a lump sum factor in the high needs funding formula for small local authorities that most likely see significant year on year changes in demand for highly specialist placements.

31. A summary of the funding proposals is summarised in Table 2 on page 6. Under these proposals, the LA would receive a single block of funding for SEN high needs and this would be broken down into separate elements for 'place-led' and 'top-up'. In addition to a formula based high needs block this would cover both place led and pupil led elements.
- Contribution of settings, schools and post-16 to an agreed level up to the first £6,000 or variable for Early Years settings;
  - Removal of the notional SEN budget;
  - Designated SEN places to remain at £10,000;
  - The role of the LA in planning and commissioning designated specialist SEN places.

### **Next Steps**

32. Whilst the recommendations made to DfE may or may not be implemented, particularly in the proposals for funding allocation, the ideas and suggestions put forward to enable better decision-making and on how the current system is intended to work, can provide a means to build on best practice – to common practice.
33. Case studies within the main body of the report provide best practice to build upon. This can be considered by the School Forum officer and Head of School and Pupil Support Services in forward monitoring of resource bases and the SEN policy work which is ongoing.
34. This Autumn term the LA have asked schools to contribute to a project, mapping costed provision. This will help the LA gain an understanding of the support requirements of those high needs pupils that require support above the £6,000 threshold. Any changes to the allocation of top up funding will mean that high needs funding will follow the pupil rather than be formula driven coming in line with the current national model.
35. In November it is intended that a working group be convened to progress the provision mapping project. This will comprise lead DBC officers, representation from schools to include business/finance managers and SENCo's. It is suggested that any key findings, and/or actions to take forward as a result of the mapping bear the national research findings in mind.
36. The School Forum are encouraged to consider the detail of the report in relation to their sector areas.

### **Recommendation**

37. It is recommended that Members of the School Forum:
- (a) Note the research report and conclusions related to schools@onedarlington
  - (b) Note the next steps

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38. **Table 1:**

<b>Early years</b>	<ul style="list-style-type: none"> <li>Strategic approach to SEN support and early intervention in pre-school settings – agreed by education leaders.</li> <li>Consistent expectations of support within settings, a clear offer of advice and capacity-building, and a transparent process for accessing top-up funding when it is needed.</li> <li>Robust systems for collating and analysing data to inform planning for pre-school and school-age children.</li> </ul>
<b>Mainstream schools</b>	<ul style="list-style-type: none"> <li>Consistent expectations of what schools will provide from their core funding.</li> <li>Swift access to advice and capacity-building support, with clear signposting of how to access the right support.</li> <li>Robust and transparent processes for allocating additional funding to recognise highly inclusive schools.</li> <li>Pro-active commissioning of support from mainstream schools – e.g. outreach and resourced provisions.</li> </ul>
<b>Special schools and units</b>	<ul style="list-style-type: none"> <li>Use data and working with schools to plan places in special schools, units and resourced provisions.</li> <li>Special school partnerships to build capacity and use resources to meet the most complex needs locally.</li> <li>Engage NMSSs pro-actively in shaping the local offer, working with other local authorities to plan and commission provision strategically.</li> </ul>
<b>Post-16 institutions</b>	<ul style="list-style-type: none"> <li>A pro-active approach to building relationships between local authorities and post-16 institutions.</li> <li>A named point-of-contact, with the skills and knowledge to plan flexible, person-centred packages of support with young people and post-16 institutions.</li> <li>Work with post-16 institutions to develop new local provision and pathways for young people with SEN.</li> </ul>
<b>Top-up funding</b>	<ul style="list-style-type: none"> <li>Clear, transparent and flexible banding frameworks across all sectors and phases.</li> <li>Processes for institutions to access top-up funding not solely dependent on the statutory assessment process.</li> <li>Collaborative work with schools, colleges and settings to agree approaches to top-up funding and develop peer moderation of requests for top-up funding.</li> </ul>
<b>High-cost, low-incidence SEN</b>	<ul style="list-style-type: none"> <li>Long-term agreements between the local authority and local health services to pool certain budgets to support children with the most complex education, health and social care needs.</li> <li>Working with other local authorities to plan and commission places in highly-specialist settings.</li> </ul>
<p><b>System governance</b> – using data and expertise to build the understanding of the schools forum and other strategic partnerships in order build effective oversight and strategic decision-making</p>	

39. **Table 2:**

