

**24 June 2020**

## **TOP UP HIGH NEEDS FUNDING IN MAINSTREAM SCHOOLS**

### *Report of the Director of Children's Services*

Author:- Jonathan Burberry  
Tel:- 01992 555943

#### **1. Purpose**

- 1.1 To update Schools Forum on the introduction of new arrangements for high needs top up funding in mainstream schools.

#### **2. Summary**

- 2.1 This paper gives details about the introduction of the new high needs top up funding arrangements in mainstream schools including the costings, timescales and remaining issues.

#### **3. Recommendations**

- 3.1 The Forum is asked to note and comment on the information set out in this paper.
- 3.2 The Forum is asked to support the approaches set out in section 5.7 of the paper for particular circumstances where children are not in school.

#### **4. Background**

- 4.1 Previous reports to Forum have set out the new arrangements for providing top up funding in mainstream schools. Key elements of the new system are:
  - a) All pupils with Education Health and Care Plans (EHCPs) will be banded for funding purposes, although those in the lowest bands (0 and 1) will not attract a top up allocation.
  - b) New local panels will be provided with budgets to make short term allocations as local high needs funding. These budgets are intended to meet identified needs for high needs pupils without EHCPs or going through the assessment process. Pupils without EHCPs, but receiving Exceptional Needs Funding (ENF) currently,

will continue to attract their current level of funding until their next review date, or the point at which an EHCP is issued.

c) Pupils with ENF and EHCPs currently will continue to attract their existing levels of funding until their next review date, when their EHCPs will be assessed on the new banding system and allocations made according to the new funding arrangements.

4.2 As outlined to the February Forum, an additional £4.0m has been allocated in the high needs budget in 2020-21 to fund the additional cost of implementing the new system.

4.3 The next section provides an update on the implementation of the new arrangements.

## 5. Update on progress

### 5.1 Timescale

In view of the coronavirus pandemic, the start date for the new funding system has been postponed from April to September 2020. (It is intended to introduce the new arrangements for multiple cases funding from April 2021 as set out in a separate paper on this agenda.)

### 5.2 Banding Activity

The report to the February Forum outlined that there were some 1600 children with EHCPs in mainstream schools not currently in receipt of funding who would potentially be eligible under the future system. At that point most of these children had not been placed in funding bands but, in order to inform budget decision making, a sampling exercise of 54 cases had been undertaken. This sample indicated that a reasonable estimate of the additional costs for budgeting purposes was £4.0m.

The 1600 children with EHCPs that had no ENF at the start of the Spring term have now been banded. The data has been cleansed (removing from the list leavers and children transferring to special schools) and the total value of the banded funding for the remaining 1500 EHCPs is:

Full year value £2.9m.

2020-21 value (Autumn term 2020 and Spring term 2021) £2.0m.

The levels of the funding bands will be as follows:

| Band | Funding<br>£ |
|------|--------------|
| 0    | 0            |
| 1    | 0            |
| 2    | 1,550        |
| 3    | 4,140        |
| 4    | 6,730        |
| 5    | 9.320        |

### 5.3 New EHCPs March – July 2020

There are estimated to be 328 new EHCPs agreed between March and July 2020. These are currently being banded but based on scaling up the first 50 cases these would have the following cost:

Full year value £1.2m

2020-21 value (Autumn term 2020 and Spring term 2021) £ 0.8m

### 5.4 New EHCPs August to March 2021

If the current rate of EHCP applications (estimated at 66 per month) continues, then there will be a further significant cost relating to new EHCPs agreed between August and the end of the financial year. Based on the average cost in the previous paragraph this could be:

Full year value £1.9m

2020-21 value (Autumn term 2020 and Spring term 2021) £ 0.6m

### 5.5 Local High Needs Funding (LHNF)

An element of the overall budget has been allocated for LHNF. The budget for LHNF has been created from two components:

- a) The cost for existing ENF cases without an EHCP: full year value £1.4m. This element of the budget is currently committed to fund existing ENF pupils and thus is not available for allocation by local panels. The pattern of costs between areas reflects the current allocations to ENF pupils without EHCPs.
- b) An allocation to each DSPL area for use in local panels. This resource has been found by repurposing the £0.9m, which was originally allocated in the 2020-21 budget pressures to provide for growth in ENF pupil numbers. The funding will be divided between the nine DSPL areas by using the current model indicators.

This means that the full year allocation of the LHNF by DSPL area will look like this:

| DSPL | 2020-21 Model Indicator Share | Local HNF Budget (£) | Estimated current ENF Commitment 2020-21 (Apr 20-Mar 21) (£) |
|------|-------------------------------|----------------------|--|
| 1    | 8.6%                          | 77,400               | 70,300   |
| 2    | 8.5%                          | 76,500               | 264,100  |
| 3    | 11.8%                         | 106,200              | 165,100  |
| 4    | 8.1%                          | 72,900               | 117,100  |
| 5    | 11.2%                         | 100,800              | 235,300  |
| 6    | 6.5%                          | 58,500               | 70,200   |
| 7    | 12.8%                         | 115,200              | 130,700  |
| 8    | 15.5%                         | 139,500              | 162,800  |
| 9    | 17.0%                         | 153,000              | 151,600  |
|      | <b>100.0%</b>                 | <b>900,000</b>       | <b>1,367,200</b>   |

It is anticipated that the area panels will meet to allocate funding in November and monthly through the Spring Term. A part year allocation of £525k (7/12 of £900k) will be allocated for use in local panels in 2020-21 financial year.

## 5.6 Early Years

A funding model has been developed for Early Years to bring the resourcing in line with mainstream schools. This will generate an additional cost for early years children being funded through the new banding system, as settings will receive a proportion of the £6k that schools have in their budgets, but early years settings do not. The proposed model for early years works by adding a proportion of the £6k (depending on the funded hours of the child) to the top up payable for the appropriate band.

For example, for an early years' child funded for 15 hours a week and identified as band 3, the top up would be:

|  |   |        |
|--|---|--------|
| Band 3 top up (full time top up * 15/25)       | = | £2,484 |
| Additional early years top up (£,6,000 *15/25) | = | £3,600 |
| Total  | = | £6,084 |

Annex A gives further details of these top up rates.

Under the current ENF funding arrangements, early years ENF allocations are not reduced by the £6k deduction which applies to school allocations. Thus, the new system would continue with the principle of the current arrangements but modify it to work alongside the new banded funding system. The exact cost of the additional funding for early years is still to be determined. An initial estimate has been included in the costings table in section 6 below.

A further issue has been identified with early years top up funding in 2020-21. ENF panels have not met and awarded funding allocations for two terms (Spring and Summer 2020). Due to the shorter time that children spend in early years settings, compared to schools, this lag in making allocations has a proportionately greater impact in early years. This issue is being investigated further.

## 5.7 Children not in school

- a) In view of the situation with coronavirus, the question arises as to whether top up funding should start to be paid for those new cases where children are not in school. It is proposed not to pay funding for new cases until the children have returned to school.
- b) There is a similar issue with a small number of children with existing EHCPs, who are not attending school and are not likely to return. It is proposed that funding should stop after a term of non-attendance.

The Forum is asked to support the approaches set out above.

## 5.8 Multiple Cases

This funding is paid to schools with higher numbers of ENF pupils to support the £6k contributions by schools towards high needs costs. New arrangements for multiple cases are being developed, as part of the changes to high needs top up funding in mainstream. A separate paper on this agenda covers this.

## 5.9 Post 16

In general, the post 16 funding arrangements do not allocate resource for schools to meet the first £6k contribution towards the additional costs of sixth form high needs pupils. Therefore, ENF currently makes a full allocation for sixth formers (without

deducting the £6k). Under the new arrangements, an additional £6k will generally be added to the banding values when calculating sixth form allocations, in a similar way to the funding arrangements for early years outlined above.

## 6. Update on budget position

6.1 The impact of recent developments on the budget position is outlined below. Figures are shown both for the current year (2020-21) and for the full year effect, given that the new funding arrangements are now being introduced from September 2020.

| Budget and revised estimated costs for changes to high needs top ups in mainstream                     | Original Budget | Revised position 2020-21 | Full year effect of 2020-21 costs |
|--|-----------------|--------------------------|-----------------------------------|
|  | £m              | £m                       | £m                                |
| Allocation for new high needs top up funding arrangements  | 4.0             |                          |                                   |
| Funding for 1500 pupils with EHCPs but no ENF  |                 | 2.0                      | 2.9                               |
| New EHCPs March to July  |                 | 0.8                      | 1.2                               |
| New EHCPs August 2020 to March 2021  |                 | 0.6                      | 1.9                               |
| Estimated additional funding for early years and post 16 new cases in lieu of £6k school contributions |                 | 0.3                      | 0.5                               |
| <b>Total</b>   | <b>4.0</b>      | <b>3.7</b>               | <b>6.5</b>                        |

6.2 This suggests that although there will be an underspend in 2020-21, there is a projected overspend when the full year effect of the new arrangements, and of new EHCPs during 2020-21, are taken into account. This would need to be addressed in the 2021-22 high needs budget.

6.3 Other financial risks/uncertainties are:

- the impact of moving pupils with EHCPs currently on ENF to the new banded funding system, which will happen gradually as their review dates come up,
- the cost of the new multiple cases funding arrangements,
- the annual level of increase in the number of children with EHCPs
- the precise cost of additional funding for early years and post 16 (in lieu of £6k school contributions),
- the timescale for reductions in existing ENF allocations as pupils leave or transfer.

## 7. Conclusion

7.1 The Forum is asked to note and comment on the issues outlined in this paper.

## Early Years Top Up model

| Early years hours   | Additional early years £6k element | Band 2 | Band 3 | Band 4 | Band 5  |
|---|------------------------------------|--------|--------|--------|---------|
| Full time   | £6,000                             | £1,550 | £4,140 | £6,730 | £9,320  |
| 1   | £240                               | £62    | £166   | £269   | £373    |
| 2   | £480                               | £124   | £331   | £538   | £746    |
| 3   | £720                               | £186   | £497   | £808   | £1,118  |
| 4   | £960                               | £248   | £662   | £1,077 | £1,491  |
| 5   | £1,200                             | £310   | £828   | £1,346 | £1,864  |
| 6   | £1,440                             | £372   | £994   | £1,615 | £2,237  |
| 7   | £1,680                             | £434   | £1,159 | £1,884 | £2,610  |
| 8   | £1,920                             | £496   | £1,325 | £2,154 | £2,982  |
| 9   | £2,160                             | £558   | £1,490 | £2,423 | £3,355  |
| 10  | £2,400                             | £620   | £1,656 | £2,692 | £3,728  |
| 11  | £2,640                             | £682   | £1,822 | £2,961 | £4,101  |
| 12  | £2,880                             | £744   | £1,987 | £3,230 | £4,474  |
| 13  | £3,120                             | £806   | £2,153 | £3,500 | £4,846  |
| 14  | £3,360                             | £868   | £2,318 | £3,769 | £5,219  |
| 15  | £3,600                             | £930   | £2,484 | £4,038 | £5,592  |
| 16  | £3,840                             | £992   | £2,650 | £4,307 | £5,965  |
| 17  | £4,080                             | £1,054 | £2,815 | £4,576 | £6,338  |
| 18  | £4,320                             | £1,116 | £2,981 | £4,846 | £6,710  |
| 19  | £4,560                             | £1,178 | £3,146 | £5,115 | £7,083  |
| 20  | £4,800                             | £1,240 | £3,312 | £5,384 | £7,456  |
| 21  | £5,040                             | £1,302 | £3,478 | £5,653 | £7,829  |
| 22  | £5,280                             | £1,364 | £3,643 | £5,922 | £8,202  |
| 23  | £5,520                             | £1,426 | £3,809 | £6,192 | £8,574  |
| 24  | £5,760                             | £1,488 | £3,974 | £6,461 | £8,947  |
| 25  | £6,000                             | £1,550 | £4,140 | £6,730 | £9,320  |
| 26  | £6,240                             | £1,612 | £4,306 | £6,999 | £9,693  |
| 27  | £6,480                             | £1,674 | £4,471 | £7,268 | £10,066 |
| 28  | £6,720                             | £1,736 | £4,637 | £7,538 | £10,438 |
| 29  | £6,960                             | £1,798 | £4,802 | £7,807 | £10,811 |
| 30  | £7,200                             | £1,860 | £4,968 | £8,076 | £11,184 |
| <p>Approach is based on the assumption that full-time support in mainstream is 25 hours per week and the early years allocation is proportionate to this, based on the child's funded hours.</p> <p>A part time equivalent child in early years equates to 15 hours per week. Therefore 15/25 (3/5) of the Band value would be the early years value for a 1 PTE child.</p> |                                    |        |        |        |         |