

MEETING:	SCHOOLS FORUM
DATE:	17TH MAY 2010
TITLE OF REPORT:	PROPOSAL TO REVIEW SEN/AEN FUNDING
OFFICER:	HEAD OF ADDITIONAL NEEDS

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To note and endorse recommendations for further work on SEN Funding.

Key Decision

This is not a Key Decision.

Recommendation

THAT (Schools Forum):

- (a) endorses further work to produce a range of options for the delegation of SEN funding to mainstream schools to replace or modify the existing model of delegation/banded funding;**
- (b) endorses further work to produce a range of options for the funding of the County's maintained special schools; and**
- (c) endorses further work to produce a range of options for the delegation of funding to allow schools to purchase learning and behaviour support services via a service level agreement.**

Key Points Summary

- The present system of SEN funding for schools, although it has been revised several times, does not always command the confidence of a range of stakeholders.
- The LA is revising its Policy on Inclusion and this is a good opportunity to develop a coherent funding system that supports the policy objectives including the delivery of positive outcomes for learners with Additional Needs.

Alternative Options

1. If recommendations 1-3 above are endorsed, a range of options will be presented in paper(s) to be brought back to Schools Forum at a later date. One of the options will, in each case, be to maintain the current model.

Reasons for Recommendations

2. It has become apparent that the current system for funding SEN/AEN does not always command the confidence of a range of stakeholders. The concerns expressed cover the following areas:
 - LA Officers and the Schools Forum representatives have raised concerns regarding the growth in the cost of providing for those with SEN. This growth is demonstrated in Appendix A. Investigations into the reasons for this growth have led to a belief that it is the band 3 and 4 allocations of the banded funding system that might be responsible. Further work is required to determine the extent to which expenditure on the funding of 'hours on statements' have reduced by a corresponding amount.
 - Schools have expressed concerns about the complexity of the application system for banded funding. The composition of the banded funding panel has also been a concern for some Head teachers.
 - Parents and carers have expressed doubts about the monitoring of delegated SEN funding and the guarantees that can be provided about the levels of support delivered to their child.
 - Some schools and LA Officers have concerns regarding the ability of smaller schools to respond to high levels of need under a delegated system.
 - LA Officers have concerns that the present system retains some features that provide a perverse incentive to seek additional funding.
 - Head teachers of Herefordshire's special schools have expressed concern about the responsiveness of the current special school funding system. In particular, whether the funding system can respond quickly to the build up of pupils placed in special schools as the academic year progresses and how this can impact on the stability of staffing.
3. The LA is currently revising its policy on inclusion and this provides a good opportunity to review the current system to ensure that Herefordshire develops a coherent funding system that supports the policy objectives.
4. Comparative information provided by the National Strategies also raises a number of other questions relating to the way in which we distribute SEN and AEN funding in Herefordshire (see Appendix B). These questions need to be considered as we develop the policy on inclusion.

Introduction and Background

5. There have been a number of incremental changes to the SEN/AEN funding system in recent years including:

a) Banded funding:

- The move to a banded funding system started in 2003 and moved through primary schools year-by-year and into Secondary schools in 2005/6. There were 4 levels of funding).
- In April 2009, bands 1 and 2 were delegated to schools on a formula basis following detailed consultation with schools, approval by Schools Forum and sign off by Cabinet.
- The process trialled throughout the summer of 2009 and changes were made including amending the criteria for behaviour and autism.
- The budget for band 3 and 4 continued to be allocated to individual pupils against specific criteria with £217,000 being allocated for 2009/10 and an actual expenditure of £337,000 (excluding academies). This overspend was almost entirely accounted for in primary school applications. The 2009/10 level of funding for band 3 is £7,200 and for band 4 is £11,250.

b) Delegation of SEN funding by formula based on proxy indicators:

- The delegation of band 1 and 2 funding in April 2009 was the first delegation of SEN funding via a formula based on the proxy indicators of need. Initially, this was based on two factors: pupil numbers and free school meals. The indicators were revised for 2010/11 to be consistent with the deprivation factors in the overall school funding formula, i.e. an IDACI deprivation factor, a low prior attainment factor, free school meals, free school meal percentage and pupil numbers.
- The amount delegated in 2009/10 was £2.35m and £2.55m in 2010/11.

c) Special school funding

- The current formula for is based on 2 levels of pupil-led funding (standard and enhanced). The standard funding rate is £13,207 and the enhanced rate is £19,348 (2010/11 values). The schools receive other elements of funding, e.g., premises costs.
- There are two annual pupil counts, which determine the pupil-led element of the funding. These take place in January and September. Special school budgets are revised when September pupil numbers are known.
- The moderation process to determine which pupils should receive the enhanced level of funding takes place in November. The moderation process is conducted by head teachers and LA officers.

- The total special schools budget in 2010/11 is £4,006,000. This includes both the pupil-led elements and premises elements of the budget.

d) Delegation of funding for Learning and Behaviour Support Services

- The Learning and Behaviour Teams currently provide support to pupils and schools that is free at the point of delivery. The funding for these services is top-sliced from DSG. In September 2007, Schools Forum tasked the Funding for Inclusion Group to scope delegation of the funding for Central Advisory Teams to schools. The group recommended the delegation of the funding for learning and behaviour advice and support services. It was proposed that the funding that currently supports these teams is delegated to schools in order that the same type of services could be purchased from the teams (or from elsewhere) via a service level agreement. This would allow decisions about support to be made as close to the child as possible and also helps the LA meet its delegation targets.
- Consultation was held from 22nd September to 14th November 2008. Consultees were asked to consider whether 'To delegate Dedicated Schools Grant budgets of approximately £400,000 identified for the provision of general learning and behaviour teams together with associated team costs to mainstream schools from April 2009'.
- Due to the low response rate of 23% across all mainstream schools. (Primary 25% High Schools 14%), further consultation was sought and implementation postponed.
- The Herefordshire Association of Secondary Heads (HASH) subsequently indicated unanimous support for all the proposals subject to further consultation.
- Options for the delegation of funding for the Learning and Behaviour teams together with the development of an appropriate SLA are now being prepared for consultation.
- The quality of the service provided ought to determine the level of buy-back from schools. In order to maintain the service, it is essential that the quality remains high. If the percentage of schools buying back reduces below a certain level, the viability of the service will be called into question.
- We remain a high spending LA on centrally held Specialist Advisory Services: most LAs have delegated the funding for their high incidence support services. (England Average £28 per pupil Herefordshire £59 per pupil). The delegation of Learning and Behaviour Support funding would bring us more into line with the national average and statistical neighbours.

Key Considerations

6. In order to build confidence of all stakeholders, a range of principles or criteria may be used for the design and evaluation of a funding formula or scheme as shown in Appendix C. Recommendations 1-3 above will use this set of criteria to evaluate any options for revising the funding system.
7. It is important to note that the accountability through the monitoring of the use of resources is seen as an integral part of the funding system and not a separate activity.

This aspect is continuing to be developed as part of an overall Quality Assurance Framework for SEN.

Community Impact

8. The aim would be to provide a system of SEN/AEN funding that offers that same level of funding for the same level of need across the county, regardless of which school or setting a pupil attends.
9. Consideration of delegation of cluster or locality funding should be considered amongst the options to be brought back to the forum as this has the potential to strengthen the working together of a community of schools to meet need.

Financial Implications

10. The intention would be to provide a funding system that is cost-neutral, that would remove any perverse incentives and would therefore contain costs unless there was clear evidence of changes in the pattern of need that would demand additional funding. Any increase in expenditure would be funded from DSG and would therefore result in a further top slicing of school budgets.

Legal Implications

11. Any changes to the SEN funding system need to be within the current regulations relating to Local financial management and need to take account of the new requirements relating to the funding of deprivation.

Risk Management

- 12a. There is a risk that any revision to the current system will have further unintended consequences that distort the system. This can be mitigated by ensuring that the monitoring systems are responsive to trends and that action can be taken to adjust the system.
- 12b. The risk of not preparing options to review the system is that the system might be undermined by a lack of confidence in it and that the costs for SEN might continue to rise in a way that is out of proportion to the budget available for all children. Given the growth in the numbers of children with banded funding on statements, this risk can partly be mitigated by improving the monitoring of the Annual Review of Statement in order to ensure that those in receipt of Band 3 and 4 funding continue to have that level of need.

Consultees

Inclusion Partnership Co-ordinators

Herefordshire Carers Group

Relevant LA Officers

A sample of Herefordshire's Headteachers

Appendices

Appendix A - A Summary of SEN Funding Trends

Appendix B - Extract from A framework to support self-evaluation by local authorities Part III - SEN/ LDD Data Set - Herefordshire LA No 884 (National Strategies April 2010)

Appendix C - Principles for AEN/SEN Funding (From Marsh; 2004)

Background Papers

- Resourcing Additional and Special Educational Needs in Wales (Marsh; 2004)
- The Management of SEN Expenditure (DfES; 2004)
- SEN Expenditure Trends Report by Managers of SEN and Finance (Herefordshire Schools Forum 10th October 2007)

*Use of Exempt Information Schedule 12A

The information below **must** be included in any exempt report.

'This report (or the appendices) is / are exempt by virtue of paragraph (quote the paragraph number of the list below)

- Information related to any individual*
- Information which is likely to reveal the identity of an individual*
- Information relating to the financial or business affairs of any particular person (including the authority holding that information)*
- Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relating matter arising between the authority or a Minister of the Crown and employees of, or office holders under the authority.*
- Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.*
- Information which reveals that the authority proposes:*
 - to give under any enactment a notice of by virtue of which requirements are imposed on a person ; or*
 - to make an order or direction under any enactment*

vii. *Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.*

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Report authors must make sure the correct paragraph is used to apply any exemption (*and that a public interest test has been applied and justified*). *This means that the exemptions can only be applied where the public interest in maintaining the exemption outweighs the public interest in disclosing it.* The relevant paragraph must be included together with the public test justification before you sent it to Legal Services in order that they can confirm that your reasons are acceptable.

The justification must be set out in the 'Exempt Information Section'. In the case of a partial exemption e.g. appendix, the above test, together with the justification **must** also be included on the appendix.