



Subject Heading:

High Needs Funding for Schools 2022-23

Report Author:

Nick Carter – Principal Finance Officer (Schools)

Eligibility to vote:

All school and academy members

SUMMARY

This report provides a summary of the funding areas being considered by the High Needs Task and Finish Group. Proposals to bring to the Schools Funding Forum will be determined at a meeting of the group on 4th February 2022.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) notes the areas examined by the Task and Finish Group
- (ii) considers a package of changes to high needs funding for schools, and agrees the funding methodologies and rates for 2022-23

REPORT DETAIL

1 Background

At their meeting on 13th January 2022 the Schools Funding Forum agreed to the transfer of £1,028,678 (0.5%) from the Dedicated Schools Grant (DSG) School Block to the DSG High Needs Block.

This followed the Local Authority consultation on Schools and High Needs Funding 2022-23 in which 91% of the schools responding expressed a preference for the funding option that included the 0.5% transfer. The transfer of just over £1m from the Schools Block to the High Needs Block was to be coupled with the implementation of proposals to increase the high needs funding allocated to schools in 2022-23.

A total increase of around £2.5m is envisaged for schools' high needs funding allocations. £1,028,678 of this will be funded by the transfer from the School Block, with the remainder to be met from the Council's DSG High Needs budget.

A Task and Finish Group, comprised of Head Teachers and Local Authority officers, was established to consider options for increased high needs funding. The Group is due to meet on 4th February 2022 with the aim of deciding which proposals to bring to the Schools Funding Forum for discussion and agreement.

2 Areas considered by the Task and Finish Group and LA proposals

Funding in support of Education Health Care Plans

Since proposals were taken to the first meeting of the High Needs Task and Finish Group in October, the total number of teaching assistant hours per week in support of EHCPs has risen from 21,870 to 23,689. This means the cost of increasing the funding rate has also risen. For example, the cost of moving to a funding rate of £16.00 per hour has increased from £1,769,898 to £1,916,226.

Teaching assistant time in support of an EHCP is currently funded at £14.00 per hour after the first 11 hours. Appendix A shows a calculation of the average hourly cost of a teaching assistant. The average spinal point for a special needs teaching assistant in LA maintained primary schools is 4.34. The figure is unlikely to be significantly different in academies and secondary schools. The average cost of a teaching assistant in 2022-23, including an estimated pay award for 2021-22 and for 2022-23, will be £16.44 per hour.

Schools are funded for EHCP support for 39 weeks each academic year, with some variation each financial year depending on the timing of the Easter break. Teaching assistants are, however, paid for 43.6 weeks per year, or 44.1 weeks if they have over five years service. Taking this into account, the hourly cost increases to £18.46.

Schools are expected to meet the first £6,000 of support for an EHCP from the School Budget Share. At the current funding rate of £14.00 per hour this equates to the first 11 hours. As the rate is increased, the hours represented by £6,000 falls. For example if the rate increased to £15 per hour, £6,000 would only purchase 10.25 hours.

Appendix B shows the impact of hourly funding rates from £14.00 to £18.46, both in terms of the increased cost to the Council's High Needs Block and the reduction in cost to the School Budget Share.

The Inclusion Supplement

Frequently referred to as 'headroom', the Inclusion Supplement provides additional funding to schools that have a disproportionately high number of pupils with EHCPs.

Schools are expected to meet the first £6,000 of support from the School Budget Share. The DfE acknowledges that where a school has a high number of pupils with an EHCP the need to fund the first £6,000 will place a strain on the budget. Local Authorities are, therefore, permitted to provide additional funding to schools that have a high number of pupils with an EHCP. The DfE does not prescribe the method of calculating the additional funding.

Notional SEN Funding

Part of a school's individual budget share is identified as 'Notional SEN funding'. In Havering this is calculated as:

Pupil led funding 1%
Plus
Deprivation funding 16.5%
Plus
Low prior attainment funding 40% primary schools, 45% secondary schools.

The idea of Notional SEN funding is to demonstrate that an element of the School Budget Share is intended for special needs. This includes meeting the first £6,000 cost of an EHCP and supporting SEN pupils who do not have an EHCP.

Current calculation of the Inclusion Supplement

Funding is currently calculated as follows:

- Calculate the percentage of pupils in the each sector that have an EHCP.
- Identify those schools with an above average number of EHCPs for the sector and calculate by how many EHCP pupils they are above average.
- Multiply the number of EHCPs the school is above average by £6,000. This identifies the cost to the school of meeting the first £6,000 of an above average number of pupils with an EHCP. (A)
- Calculate the average per pupil funding for each sector.
- Calculate the difference between the funding that each school receives and what it would receive if it were funded at the sector per pupil average. (B)
- If any additional funding the school receives at (B) is not sufficient to meet the additional cost at (A), the school will receive an Inclusion Supplement. This will be between 25% and 100% of the difference, depending on how far the school's funding deviates from the average.

If this methodology is applied to current data, 13 primary schools receive a total of £193,805 and two secondary schools a total of £180,886, making a total of £374,691.

Proposed calculation of the Inclusion Supplement

The LA is proposing to simplify the calculation of the Inclusion Supplement using the Notional SEN funding as the basis for calculation. A school would be expected to use up to 75% of the Notional SEN funding it receives to meet the £6,000 cost per EHCP.

Each school would have at least 25% of the Notional SEN funding remaining to meet other SEN support costs.

Funding would be calculated as follows:

- Multiply the number of EHCPs in the school by £6,000 (A).
- Multiply the Notional SEN funding received by the school by 0.75 (B)
- If (A) is greater than (B), the school receives the difference.

If this methodology is applied to current data, 18 primary schools receive a total of £399,846 and three secondary schools a total of £225,160 making a total of £625,006.

Backdating funding for new EHCPs

A pupil arriving a school may require one to one support from the first day. If that pupil does not have an EHCP in place, the school will not receive funding until an EHCP has been finalised and will then receive funding starting from the date of finalisation. This means that the school receives no funding for the assessment period.

The cost of simply backdating the start of each EHCP by 20 weeks, to cover the assessment period, would be prohibitively expensive. The Task and Finish Group and Schools Funding Forum felt that the problem was most acute with pupils in Reception and Year 7. One option would be to introduce funding initially for these year groups only.

Further work on this will be undertaken prior to the meeting of the Task and Finish Group on 4th February 2022.

Funding for Additional Resourced Provision (ARPs)

Schools with an ARP currently receive funding as follows:

- The pupil led funding relevant for the Key Stage of each pupil in the ARP. This is topped up to £4,000 for Key Stage 1 and 2 pupils.
- £4,000 for each place at the ARP that is unfilled
- £6,000 per place 'place funding'
- £6,667 per place 'pupil top-up'

This means that an ARP at a primary school receives £16,667 per place. An ARP at a secondary school receives £17,435 for each place filled by a KS3 pupil, £18,041 for each place filled by a KS4 pupil and £16,667 for each place that is unfilled.

The £6,667 pupil top-up matches the lowest funding band for pupil top-up in special schools, Level C (ii). There are, however, very few pupils in special schools that are funded on this lowest band. The LA is proposing that the £6,667 pupil top-up is increased to £10,000 to match the next funding band for pupil top-up in special schools,

Level C (ii). Funding would be increased by a further £660 to mirror the additional payment to special schools for pay and pension increases.

The additional £3,993 per place would mean a school with a 12 place ARP receiving an additional £48k a year.

The cost of this change, based on existing ARP place numbers, is £367k.

3 Timeframe

In order to provide schools with details of high needs funding from 1st April 2022 the funding methodology, and funding rates, need to be agreed by the Schools Funding Forum at their meeting on 10th February 2022.

High Needs Funding Review February 2022

EHCP hourly rate

£

TA paid on Grade 1

At July 2021 offer rate + 2% 2022 rise

1	21,651
2	21,826
3	22,218
4	22,620
5	23,025

Average spinal point 4.34

22,758

Average N.I. %

5.85 1,331

Average pension %

29.77 6,775

Total average cost

30,864

Adjusted for Health and Social Care Levy

Hourly cost

16.44

Adjustment for holiday pay

No of weeks funding

39

Staff work 38 weeks paid

43.6

or

44.1

Use

43.8

Adjusted hourly rate

18.46

High Needs Funding Review February 2022

The impact of changes in the hourly rate of funding for an EHCP - with change in hours met from SBS

Total number of pupils supported by TA

878

Hourly rate £	Total TA hours / week	£6,000 represented as hours per week	Hours per week per pupil met from Notional SEN	Total hours per week met from Notional SEN	Total hours per week met from HN Block	Total weeks	Cost met by HN Block £	Increase over current £	Funding received by school for 32.5 hpw pupil £	Increase over current £	Cost to SBS of supporting 32.5 hpw pupil £
14.00	23,689	10.99	11.00	9,658	14,031	39	7,660,926		11,739		11,659
15.00	23,689	10.26	10.25	9,000	14,690	39	8,593,358	932,432	13,016	1,277	10,382
15.50	23,689	9.93	10.00	8,780	14,909	39	9,012,491	1,351,565	13,601	1,862	9,797
16.00	23,689	9.62	9.50	8,341	15,348	39	9,577,152	1,916,226	14,352	2,613	9,046
16.50	23,689	9.32	9.25	8,122	15,568	39	10,017,686	2,356,760	14,961	3,222	8,437
17.00	23,689	9.05	9.00	7,902	15,787	39	10,466,781	2,805,855	15,581	3,842	7,818
17.50	23,689	8.79	8.75	7,683	16,007	39	10,924,436	3,263,510	16,209	4,470	7,189
18.00	23,689	8.55	8.50	7,463	16,226	39	11,390,652	3,729,726	16,848	5,109	6,550
18.46	23,689	8.33	8.33	7,317	16,372	39	11,786,659	4,125,733	17,398	5,659	6,000