

## **Cabinet – 10 February 2021**

### **Proposed High Needs Local Funding Formula 2021/22**

**Portfolio:** Councillor Towe

**Related portfolios:**

**Service:** SEND

**Wards:** All

**Key decision:** Yes

**Forward plan:** Yes

#### **1. Aim**

Cabinet on 21 October 2020 received details of the proposed High Needs Funding Formula for Walsall targeted to provide a fair, needs led and child centred approach to allocating funding for school aged children with SEND from 1 April 2021. Approval was given to undertake formal consultation on the revised proposed model in line with School's Forum proposed decision on 23 September 2020. Following formal consultation, further changes to the model were made and supported by Schools Forum at their meeting on 12 January 2021 and are referred to Cabinet for consideration and final approval for implementation from 1 April 2021.

#### **2. Summary**

This report provides Cabinet with a proposed updated Walsall High Needs Funding formula model for schools supporting pupils with identified special educational needs and disabilities (SEND) from that previously presented to Cabinet on 21 October 2021, taking account of the consultation process, further analysis and moderation undertaken and details of any recommended changes to the model.

It also provides an overview of the work undertaken, including:

- Specifying provision for each band/area of need within the banding document and financial modelling
- A summary of consultation responses and amendments made to the model previously presented to Cabinet on 21 October 2020

Finally, a summary of implementation details and future actions

This constitutes a key decision as a change to the High Needs funding model could potentially have an impact on all school aged children with SEND, across all wards within the borough, and incur expenditure which is in excess of £250,000. Financial modelling and projections indicate that the proposed revised model is affordable within the totality of funding that is available within the High Needs Block of the Dedicated Schools Grant (DSG) that is paid to the authority.

### **3. Recommendations**

- 3.1 That Cabinet approve the revised local high needs funding model, recommended by Schools Forum at their meeting on 12 January 2021 and set out in appendices A and B of this report.
- 3.2 That Cabinet approve the implementation of the proposed high needs funding model for 2020/21, as set out in section 4.5 of this report. Namely for all new EHCPs and all special school EHCP pupils from 1 April 2021 and for mainstream pupils with existing EHCPs through scheduled Annual Reviews from 1 April 2021 onwards.
- 3.3 That Cabinet approves to delegate authority to the Executive Director of Children's Services, in consultation with the Portfolio Holder for Education and Skills, to amend the final formula, within the total High Needs block funding that is available, to accommodate any protection that may be required if the request to disapply the Minimum Funding Guarantee is not supported by the Department for Education.
- 3.4 That Cabinet approves to delegate authority to the Executive Director of Children's Services, in consultation with the Portfolio Holder for Education and Skills, to agree the utilisation of any amount of available High Needs funding to support special schools and Pupil Referral Units in financial difficulty, as allowed within the High Needs Funding guidelines.

### **4. Report detail - know**

#### **4.1 Background**

- 4.1.1 The high needs funding formula is the local process that is utilised to allocate the High Needs Block of the Dedicated schools Grant (DSG) funding that the Council receives, to the providers of support to children with additional needs in the Borough of Walsall.
- 4.1.2 A working group of the Schools Forum, comprising of representatives from all school phases and sectors has continued to meet and work on a proposed revised high needs funding methodology and model, which is child centred, needs based, transparent, equitable and affordable.
- 4.1.3 The methodology builds on the work undertaken in 2019 and the additional work in 2020 encompassing revised moderated SEN data from schools and academies to propose an updated model to be implemented from 1 April 2021. The model has

been developed through extensive work with schools and partner services, led by the Schools Forum High Needs Funding working group.

- 4.1.4 The proposed basis of the high needs local funding formula for 2021/22 is set out in this report. Feedback from the consultation undertaken has been considered and informed changes in the original model, approved by School Forum on 12 January 2021 and forwarded to Cabinet for final approval of the model and implementation.
- 4.1.5 Once approved by Cabinet the new local high needs funding formula rates will be used to determine indicative budget shares for all special schools for 2021/22 and will determine the high needs top-up funding attracted by mainstream schools. As funding for PRUs and ARPs was not included in the review work undertaken to date, funding in these areas will continue to be allocated using the existing model for 2021/22, with a further review of the funding formula for these provisions then due to take place during 2021/22.

## **4.2 Feedback From The Consultation Process**

- 4.2.1 Consultation has been actively undertaken through the engagement of schools, SENCOs and parents and has involved communications to parents from schools, an online survey, email and telephone responses and the Walsall Local Offer website. Video conferencing and drop in sessions were also held for parents, carers, headteachers and school staff, governors and internal and external support services to enable participants to ask questions and receive responses to any queries they have about the proposal.
- 4.2.2 The consultation process commenced on 23 November 2020 and closed on the 20 December 2020 to inform the high needs funding formula model and proposal and enable outcomes to be summarised and shared at the School Forum meeting on 12 January 2021.
- 4.2.3 Feedback from the consultation process is summarised below:

Information regarding respondents:

- 158 respondents from the detailed questionnaire, of which 85 were parents, 81 parents of children with SEND and 17 parents of pupils attending special schools
- 55.1% of respondents were parents; 33.6% were school staff or governors
- Of the responses received: 3.8% were nursery related, 73.6% primary and 22.6% secondary
- 32.1% of school responses were from academies, free schools or independent schools

Agreement to principles underpinning the proposed model:

- 98% agreed with the need for it to be 'Child centred' - all children and young people will receive the 'right help, in the right place at the right time, for the right amount of time
- 96% agreed it should be 'transparent' - there needs to be a transparent approach to funding across all sectors (mainstream/special, primary/secondary)
- 98% agreed with the need for 'Equity' - there needs to be a fair approach to funding that is based on a needs based approach rather than a setting based approach

- 97% agreed with the focus on 'Early intervention' – there needs to be a graduated approach to support, and therefore funding for provision
- 93% agreed that approaches should support 'Inclusion' – the majority of children and young people with SEND, including those with an EHCP, should be able to access the right support within their local mainstream school and local community.

#### 4.2.4 Views regarding whether the Walsall Right 4 SEND document would achieve its identified aims:

- In general there was a high level of agreement that the proposed model and document would support the identified aims
- Ensuring effective identification of childrens' special educational needs – 81% agreed, 9% did not know and 11% disagreed
- Ensuring children with SEND get the right help in school: -72% agreed, 18% did not know and 11% disagreed
- Ensuring children with SEND are better prepared for adulthood: - 66% agreed, 23% did not know and 11% disagreed.

#### 4.2.5 Response rates from services were relatively low as they were directly engaged and involved in the development of the banding document and the Walsall Right 4 SEND document over the past 18 months

#### 4.2.6 A number of suggestions were made which have been taken on board, as outlined in section 4.3 below.

A summary analysis of responses received is included in Appendix C

### 4.3 Proposed Amendments To The High Needs Funding Formula And Banding Model

#### 4.3.1 Concerns were raised that the proposal was a cost saving exercise

**Response:** This is clearly not the case as the envelope of resources has factored in overall High Needs Funding block increases, it does however prioritise resources to the highest levels of need.

#### 4.3.2 A number of individual child specific comments and funding issues were raised alongside some concerns re the moderation of bandings, consistency of application and the need to hold schools and educational establishments to account to ensure a child centred approach.

**Response:** Whilst individual funding issues will not be addressed as part of the overall review, as part of the implementation process it is proposed to implement the new bandings for mainstream school pupils via scheduled annual reviews. This will ensure parental involvement in reviews and support discussions and provide an additional layer of moderation and avoid the need to open up EHC plans unnecessarily. Special school provision and designations will be encompassed in the specialist review currently being undertaken and hence new bandings can be implemented in full from 1 April 2021.

#### 4.3.3 The need to review cognition and learning bands was expressed

**Response:** Details expanded in the banding document with specificity added

4.3.4 Concerns were raised that there was a strong focus on primary need and given complexities of need, this focus should not mean that other needs are not met.

**Response:** Schools need to assess children holistically, further detail is to be added to the document, with a matrix for each child. This will not impact on the funding but should help with discussions with parents to show schools have fully considered multiple needs whilst identifying primary needs. The need to ensure that the model caters for our children with the most complex needs has also been recognised by adding an additional higher funded band 8

4.3.5 Concerns were expressed re the need to review the medical need strand.

**Response:** this has been recognised and has been removed from the document and replaced with a signpost to medical provision to secure adequate provision.

4.3.6 View expressed that there is a need to ensure that schools recognise and meet needs of children who are neuro divergent.

**Response:** Recognised and an additional section will be included at the start of the document. This will be coproduced with children and young people and parents/carers with lived experience and relevant services.

4.3.7 Views expressed that there is a need to ensure that children with autism have their needs identified and met.

**Response:** Separate guidance document to be coproduced with children and young people and parents/carers with lived experience and schools and services. This will be progressed through the Autism Working Group to ensure it is fully integrated with other developments.

4.3.8 Concerns were expressed re the choice and level of specialist support and provision available in mainstream and specialist settings. References to specialist teaching resources for hearing impairment and CAMHS waiting times were also referred to.

**Response:-** Recognition of need for a full child centred approach, not just education. Specialist provision review will incorporate specialist provision and specialist support and teaching services. CAMHS and health related service issues to be raised and addressed through new Partnership board working arrangements. There will be a continued focus on a needs led approach to provision.

#### 4.4. Financial modelling:

4.4.1 The draft resourcing needs for each area of need and band were provided to finance officers, based on the Walsall Rights 4 SEND guidance document. This was informed by the high needs funding working group supported by specialist services, knowledge of provision currently provided in Walsall schools and relevant guidance to provide quantification of provision for each of the bands in each area of need for the purpose of the financial modelling work. This resourcing need then provides an assessment of the costs of meeting the needs of children in each band, which can then be compared to funding that the authority is predicted to receive in its DSG High Needs block. Further work

will continue to be undertaken to identify the potential impact on individual schools/providers to plan for these changes

- 4.4.2 The outcome of the modelling indicates that for 2021/22 the proposed funding is estimated to be affordable within the totality of funding that is available within the High Needs Block of DSG that is paid to the authority (based on a predicted total top-up cost for the year for the revised model of circa £16.25 million). This includes an assumption of a 7% increase in demand in that year, which has been built in to accommodate anticipated pressures.
- 4.4.3 The breakdown of the financial model is contained in Appendix A for both special and mainstream schools. It takes account of existing predicted funding levels and existing pupil numbers in the moderation exercise and includes an estimate of funding required to support 7% potential growth in the year
- 4.4.4 Implementation is recommended for new EHCPs from 1 April 2021 and further moderated through scheduled Annual Reviews for existing mainstream school EHCPs from 1 April 2021 onwards. The Annual Review process which will introduce a further robust level of moderation and challenge and supplement Annual Review and EHCP Hub training being delivered to SENCOs from the autumn term 2020 onwards.
- 4.4.5 The School's Forum Working Group considered a range of funding models from other Local Authorities. The current model is proposed as it allowed for categorisation of primary need and would allow for the bandings to be used across all phases (primary and secondary) and settings (mainstream and special school).
- 4.4.6 Prior to 1 April 2021 the Transitional Top Up Support (TTS) scheme, approved by Schools Forum and Cabinet in February and March 2020, will continue. However this scheme will then cease from 31 March 2021 with the implementation of the new formula on 1 April 2021.

## **4.5 Implementation**

- 4.5.1 Consultation feedback was supportive of implementation as detailed above. Parent consultation sessions conveyed a strong desire for parents to be involved in discussions around children's needs under the new banding arrangements in mainstream settings. This would also provide an additional layer of moderation at annual review stage re levels of need and support required in mainstream settings. Hence, it is proposed to implement the new banding levels at scheduled annual review stage for children with an existing EHCP in mainstream settings. All new EHCPs issued will fall under the new model from 1 April 2021, as they will be subject to the revised banding and assessment processes.
- 4.5.2 Special school bandings, provision and budgets were more clearly designated, with less risk of banding anomalies and will be subject to the specialist services review currently being undertaken, matching designation and provision to higher identified levels of need. Hence the implementation of the

revised banding levels can be more readily implemented from 1 April 2021.

- 4.5.3 The School Forum on 12 January 2021 approved the revised High Needs Funding model subject to Cabinet approval of the revised High Needs Funding model and its implementation.
- 4.5.4 Going forward the future approach to High Needs funding will be subject to an annual review by an identified sub group of Schools Forum. The allocation of funding will be reviewed alongside an analysis of the changing need reported through the audit process and pupil place planning.

## **5 *Council Corporate Plan priorities***

This work relates to the Corporate Plan Priorities for Children (Ch2 - The gaps in educational attainment between the least and most deprived communities will be narrowed for all under achieving groups). Specifically, the allocation of High Needs Funding should ensure that children identified as having SEND have the right support at the right time to ensure they access their entitlement to a full time education and can make good academic progress and achieve their potential.

## **6 *Risk management***

- 6.1 The financial modelling supports the proposed funding formula within projected resources assuming a 7% growth factor. Budget monitoring and control will need to ensure the formula's financial sustainability into the future.
- 6.2 The funding formula proposed is a needs based model based on defined principles to ensure resources are allocated on the basis of pupil need and not the school or provision children and young people attend. Changes to the model would need to be closely monitored to ensure the core principles of the review are complied with.

## **7 *Financial implications***

- 7.1 The intention of revising Walsall's High Needs Funding Formula is to ensure that there is an equitable system in place to accurately identify pupil's additional needs and provide appropriate funding in support of this to achieve the best outcome for them. However this needs to be balanced against the fact that the High Needs funding the authority receives is a cash limited grant and any spend against this to support children's needs must be contained within the totality of the High Needs funding that is available to the council.
- 7.2 The outcome of the financial modelling that has been undertaken in relation to the proposed revised funding formula indicates that for 2021/22 the proposed funding is estimated to be affordable within the totality of funding that is

available within the High Needs Block of DSG that is paid to the authority (based on a predicted total top-up cost for the year for the revised model of circa £16.25 million). This includes an assumption of a 7% increase in demand in that year, which has been built in to accommodate anticipated growth.

- 7.3 The proposal may be subject to the minimum funding guarantee (MFG) for special schools, which is set by a condition of grant that applies to local authorities' DSG and protects special schools from seeing a reduction in funding from year to year, of more than 0% per pupil, assuming that the number and type of places remains the same between two financial years. The final MFG calculation cannot be completed until later in the financial year when it is known no further pupil changes are likely prior to April 2021.
- 7.4 As this is a major reorganisation of high needs funding for special schools, moving from a 3 banded framework based on designation of school to a funding framework based on 5 areas of pupil need across 10 bands, a like for like comparison required by the MFG is not possible. Additionally if any MFG is required the impact of applying this may result in anomalous outcomes and potentially thwart one of the main principles of the funding review ie. that a pupil with assessed needs will attract the same funding for those needs regardless of the special school they attend.
- 7.5 Schools Forum and Cabinet supported the authority to submit a disapplication request to disapply the MFG for 2021/2022 for special schools to enable increased flexibility in the implementation and ensure that the principles of the review can be delivered in full. The Department for Education (DfE) at the time of writing this report are still considering the request. It is not yet known whether (if the application is approved by the secretary of state) the disapplication will need to be utilised, but financial modelling to date suggests that the potential impact of applying the MFG, through varying the top up rates of those special schools affected by offering a 'protection top up' to them, can be accommodated and be affordable as part of the process to agree the final implementation of the formula. As such a recommendation has been proposed to delegate authority to the Executive Director of Children's Services, in consultation with the Portfolio Holder for Education and Skills, to amend the final formula, within the total High Needs block funding that is available, to accommodate any protection that may be required if the request to disapply the MFG is not supported by the DfE.
- 7.6 The national High Needs funding regulations also allow the authority to utilise available High Needs funding to support special schools and Pupil Referral Units in financial difficulty. This flexibility is useful in both supporting these categories of schools to manage the current pressures that they are experiencing, whilst also managing any impact of changes in the local high needs funding formula top up rates. As such a recommendation has also been proposed to delegate authority to the Executive Director of Children's Services, in consultation with the Portfolio Holder for Education and Skills, to agree the utilisation of any amount of available High Needs funding to support special schools and Pupil Referral Units in financial difficulty, as allowed within the High Needs Funding guidelines.



- 7.7 With any change in the allocation of the overall High Needs funding amongst individual schools / providers, as a result of the implementation of a revised funding formula, there are likely to be some schools that see an increase in the High Needs funding that is allocated to them, and others that may see a reduction. The authority will seek to work with those schools that do see a reduction in funding to help them plan for the impact of this.
- 7.8 The local High Needs funding formula also incorporates top up values which are attributable for Additional Resourced Provision (ARP's) and Pupil Referral Units (PRU's). Whilst these areas of provision did not form part of the wider review undertaken as part of setting the 2021/22 local high needs funding formula, the proposed rates are set out in Appendix A.

## **8 *Legal implications***

- 8.1 The DfE has prescribed the way in which schools should be financed for the 2021/22 financial year. These guidelines are set out in the Schools Revenue Funding 2021 to 2022 operational guide. The purpose of these arrangements is to help secure greater consistency in the way in which high needs funding is distributed to schools. The Council is bound to adhere to the rules issued by DfE.
- 8.2 It is essential that we achieve a fair, effective and efficient formula that meets the needs of those pupils and the schools where they are placed. Failure to do this could result in an increase in SEND tribunals and greater legal challenge from parents and carers as well as support groups within the areas of SEND.

## **9 *Procurement Implications/Social Value***

There are no procurement/social value implications arising from the proposals in this report.

## **10 *Property implications***

There are no property implications arising from the proposals in this report.

## **11 *Health and wellbeing implications***

It is expected that the new model for High Needs Funding will support the Marmot objectives of:

- Give every child the best start in life
- Enable all children, young people and adults to maximise their capabilities and have control over their lives

This will be achieved by ensuring that the approach to funding ensure children have access to the right support at the right time to promote their development, educational outcomes and prepare them for adulthood.

## **12 Staffing implications**

There are no staffing implications arising from the proposals in this report.

## **13 Reducing Inequalities**

An Equality Impact Assessment is being completed.

The overall aim of the proposed model is to ensure a fair and equitable approach to the allocation of High Needs Funding. This will reduce inequalities and ensure that children with SEND have access to the provision required to meet their needs, ensure access to their entitlement to fulltime education and to address the gap in outcomes between those with SEND and those without.

## **14 Consultation**

- 14.1. Walsall schools and parents of children with SEND at those schools were consulted on the revised high needs funding arrangements.
- 14.2 The outcomes of the consultation were shared at the School's Forum meeting on 12 January 2021 and a number of consequent amendments agreed to the revised proposal for a new model for high needs funding.
- 14.3 The consultation included the distribution of a survey to gather views as well as a number of 'drop in or video conferencing sessions' where people could ask questions and receive responses to any queries they had about the proposal.
- 14.4 The following actions were be taken:
  - Consultation with schools, parents/carers and partner services
  - Responses to consultation were considered and amendments were made to the model as a consequence
  - School Forum approved the changes and recommended requested approval from Cabinet for the implementation of revised High Needs Funding model
  - Identification of schools that will see an increase in the High Needs funding that is allocated to them. Further work to be undertaken to identify actions to support those schools that see a reduction in funding to help them plan for the impact of this.

## **15 Decide**

The School's Forum Working Group considered a range of funding models from other Local Authorities. The current model was developed and consulted

upon as it allowed for categorisation of primary need and would allow for the bandings to be used across all phases (primary and secondary) and settings (mainstream and special school).

## **16 Respond**

The principles underpinning the revised High Needs Funding model were consulted upon and the following actions taken:

- Finalisation of financial modelling
- Finalisation of model
- Responses to consultation considered and a number of amendments were made as a result of this
- School Forum considered the results of the consultation and amendments and approved, subject to Cabinet approval, the implementation of the revised High Needs Funding model
- Report to Cabinet to seek approval for the implementation of revised High Needs Funding model
- Further work on the Identification of schools that will see an increase in the High Needs funding that is allocated to them and to Identify actions to support those schools that see a reduction in funding to help them plan for the impact of this.

## **17 Review**

The approach to High Needs funding will be subject to an annual review by an identified sub group of Schools Forum. The allocation of funding will be reviewed alongside an analysis of the changing need reported through the audit process and pupil place planning.

## **Background papers**

Schools Forum reports – 23.09.20 and 12.01.21 – Proposed High Needs Local Funding Formula

Walsall Right 4 SEND guidance document

Cabinet report 21 October 2020 Proposed High Needs Funding Formula 2021/22

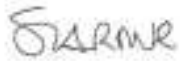
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