

REGULATORY AND OTHER COMMITTEE REPORT

NAME OF COMMITTEE:	Schools Forum
DATE OF MEETING:	26/1/11
SUBJECT:	SEN funding formula review
REPORT BY:	Tony Warnock Head of Finance – Children's Services
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IS THE REPORT EXEMPT?	No
IS REPORT CONFIDENTIAL?	No

SUMMARY

The purpose of this report is to provide an update on the report presented to Schools Forum on 13th October 2010. A number of key issues arose from the review of the new SEN formula factor in September and from the subsequent discussion at Schools Forum in October. Officers have considered the issues and this report makes recommendations for addressing them from April 2011.

DISCUSSION

In April 2010, the Local Authority (LA) introduced a new formula for funding statements of special educational needs at bands 1 to 5, and for School Action and School Action Plus. At its meeting on 30th June 2010, the Schools Forum supported the Local Authority's (LA) proposal to commission a working group of school representatives to review a number of important aspects of the new SEN funding formula. That meeting was held on 20th September 2010 and, on 13th October 2010, the LA

presented a report highlighting the key issues and recommendations for the way forward.¹ The Schools Forum supported the following recommendations:

- The new SEN formula should not apply to nursery schools, but School Action and School Action Plus funding should apply and be calculated using termly counts.
- The new formula should not apply to special schools, due to the fact that a new system of funding for those schools is being developed for implementation in April 2011.
- In 2011, a new policy for 'exceptional provision' should be developed to replace the current approach to 'medical' statements.
- The LA should introduce arrangements to ensure that any growth in this funding can be justified.
- Transitional arrangements beyond the current financial year should apply as follows:

Year 2 (2011/12)

Primary: £20k Floor or 2% of budget, & £80k Ceiling (this will require additional funding of c.£0.033m)

Secondary: £50k Floor or 2% of budget, & £80k Ceiling (this will require additional funding of c.£0.699m)

Year 2 transition would therefore cost c.£0.732m, which would release c.£1.664m from the Year 1 transition funding.

Year 3 (2012/13)

Primary: £40k Floor or 4% of budget, & £120k Ceiling (this will create a surplus funding of c.£0.025m)

Secondary: £100k Floor or 4% of budget, & £120k Ceiling (this will require additional funding of c.£0.186m)

Year 3 transition would therefore cost c.£0.161m, which would release a further c.£0.571m from the Year 2 transition funding.

Year 4 (2013/14)

No Protection.

- Clear monitoring arrangements should be established by the LA to ensure that subjective data provided by schools for use within the formula is accurate.
- The LA should introduce measures to prevent an unjustified upward reclassification of statements from Band 5.

In the October report to Schools Forum, officers indicated that there were a number of issues that required further investigation and, in light of comments from the Schools Forum, that work has now been completed. The detailed findings are presented in Appendix 1 for the Schools Forum to consider. In summary, the additional recommendations are that:

- The incidence of SEN in nursery classes is too low to warrant an extension of the Early Years Action & Early Years Action Plus funding element beyond nursery schools.
- Funding should be made available to pupils with SEN in Y12 and Y13 and weightings consistent with the rest of the formula should apply. These pupils should also trigger the free school meals element of the formula, but not the deprivation (IDACI) element.
- For Year 5 & 6 pupils, the Year 4 reading test should be used instead of the Key Stage 1 assessment. A temporary solution should be put in place for statemented pupils that have not completed the test. For those schools that didn't undertake the reading test, Key Stage 1 data would continue to be used.
- As many schools do not have matched data for all pupils, a grossing up exercise should take place. It will be assumed that the attainment of those pupils is similar to the rest of the school's population for whom data is available and that way, funding will be attracted (this will not apply to Foundation level or post-16).
- No change should be made to the current funding formula to reflect what appeared initially, to be potential double funding of statemented pupils at Band 6 to 8.

¹ The proposals set out in the report to Schools Forum in October 2010 were also considered at the area headteacher meetings in the autumn term of 2010.

- Although a proportion of autistic pupils are qualifying for funding through the new SEN formula, this should be the subject of further work in 2011.

Appendix 1 sets out more detail on the key findings and recommendations from the latest work on these residual issues.

Financial modelling has been undertaken to assess the financial impact of these proposed changes. It is important to note that the total funding available for this formula factor has remained unchanged. However, changes (such as the use of the Year 4 reading test for Y5 and Y6 instead of KS 1 assessments; the inclusion of post 16 pupils with SEN, and the grossing up where pupil data is missing, etc) will have an impact upon the current weightings in the formula. The impact upon individual schools will vary. Some schools will gain. Any losses are not expected to be significant and will be dealt with under the proposals for transitional protection over the next two years.

In conclusion, a year ago, the LA gave a commitment to undertake a review of the new SEN formula, to enable improvements and refinements to be made. That exercise has been conducted with the close involvement of school representatives and this report presents recommendations following the further work undertaken by officers. The views of the Schools Forum are now sought. They will then be considered by the DMT and the Executive member for Children's Services, before final decisions are made in mid February 2011 and implemented in April 2011.

RECOMMENDATIONS

The Schools Forum is asked to:

- Note the content of the report.
- Consider and comment upon officers' most recent findings and recommendations, as summarised above and detailed in Appendix 1.

BACKGROUND PAPERS

The following reports were relied upon in the writing of this report.

PAPER TYPE	TITLE	DATE	ACCESSIBILITY
Report	SEN funding formula review	13 October 2010	Committee Services, County Offices, Newland, Lincoln
Report	Additional Needs – update	30 June 2010	Committee Services, County Offices, Newland, Lincoln

APPENDICES

Appendix 1 - Key findings and proposals from officers' work undertaken since 13 October 2010.

Review of the new SEN funding factor

Key findings and proposals from officers' work undertaken since 13 October 2010

The officer group comprised:

James Thomas	Principal Information Officer – Children's Services
Mark Popplewell	Assistant Head of Finance – Children's Services
Tony Warnock	Head of Finance – Children's Services

The residual issues from the previous work are considered below:

Question: Should Early Years Action & Early Years Action Plus funding apply to nursery classes as well as nursery schools?

The background

- The original question was whether the new SEN formula should apply to Nursery schools. A conclusion was reached on that but, after it was suggested that Early Years Action & Early Years Action Plus should apply instead, a further question was raised as to whether this should cover nursery classes too.

The latest findings and recommendations

- Officers have looked at data to see whether the number of children with SEN in nursery classes warranted extension of this aspect of the formula to primary schools. A schedule was produced showing all nursery schools and nursery classes and the percentage of children in those classes that qualified for School Action, School Action Plus and Statements. These were 4%, 3.4% and 0.3% respectively. The number of children qualifying for each of these was higher in the nursery schools, but for the majority of the primary schools, approximately half had no children classified in this way, and those that did had, on average, just 2 or 3 pupils.
- The conclusion reached was that the number of children in nursery classes qualifying for special educational needs is too small to warrant an amendment to the formula. There is also a potential risk that should School Action / School Action Plus funding be extended to nursery classes, the number and cost could grow significantly due to the subjective nature of classification, as it did under the previous funding formula.

Question: Should the SEN formula factor apply to Y12 and Y13 Pupils?

The background

- When the new SEN formula was introduced, funding was not allocated to Y12 & Y13 pupils with low level SEN. The number of pupils with low level SEN in Y12 & Y13 was estimated to be small. Indeed, for 2010/11, the total value of Bands 1-5 for sixth form children was £0.164m, comprising 52 pupils from 21 schools.
- The c.£15m sum delegated through the new SEN formula included the budget for Y12 & Y13, but not the data for those pupils to allow their schools to obtain an appropriate share.
- Officers suggested a new approach using the current national Key Stage 4 indicator set, and a threshold of 5+ A*-G including English and Maths, with each qualifying pupil attracting a weighting of one. Also, Y12 and Y13 pupils would qualify for the free school meals deprivation element of the formula, but not the IDACI element (due to prohibitive costs of data collection, when compared to the very modest financial impact upon individual schools).
- At the Working group meeting in September 2010, it was suggested that the proposed threshold was too low, as most children exceed the threshold but still have SEN. It was noted that sixth form pupils are often too embarrassed to claim f.s.m. and EMA might be a better way to determine the deprivation element. The recommendation to fund Y12 & Y13 pupils was widely accepted. However, the proposed qualifying level was considered far too low and an alternative measurement (e.g. Level 1 courses) was proposed. It was suggested that free school meals should not be used for the deprivation element of the formula and consideration should instead be given to adopting an alternative measure, e.g. entitlement to EMA, if that data is available.

The latest findings and recommendations

- The issues considered included whether officers' proposal to use the threshold of 5A* to G including English and Maths as a cut off point was too low and whether EMAs should replace free school meals as the measure for the deprivation element. However, it was noted that the Government had recently

announced changes to funding for EMAs and officers considered that this would not be a suitable or useful measure of deprivation.

- With respect to funding low prior attainment for Year 12 and Year 13 pupils, it was noted that the Government expects most pupils to achieve Level 3 to undertake AS and A Level courses (Level 1 represents 1 pass at GCSE and Level 2 represents 5 passes at GCSE). Information showed that only 30 children would be classified as below Level 2 based on October 2009 data and 42 pupils based on provisional and partially complete October 2010 data (most of these were in schools delivering vocational courses). However, for those respective years, the number of children below Level 3 was significantly greater (357 and 245) and it was confirmed that the majority of the 357 pupils were completing sixth form courses, not simply retaking GCSEs.
- It was proposed that to be consistent with the rest of the new funding formula, additional funding should, in principle, be triggered where the Government's target is missed, i.e. below Level 3. Also, for consistency, it was proposed that in line with Key Stage 1, Key Stage 2 and Foundation stage profile, a weighting of 1 should be attached to those pupils that do not achieve at that level. It was recognised that the number of children qualifying through this route may increase, but this would simply dilute the funding value attached to all weightings in the formula. It is proposed that these children should also be eligible for the free school meals element of the funding formula; this data is easy to obtain. However, it is proposed that they should not be eligible for the deprivation (IDACI) element of the formula because that would involve putting the *whole* of the sixth form cohort into the formula which would be inappropriate as the deprivation for children in school pre and post 16, is very different and would distort this funding system.

Question: Should the formula be amended to include the Year 4 Reading Test data for primary schools?

The background

- The new SEN formula relies heavily on pupils' Key Stage 1 assessments (i.e. for 4 years), for the prior attainment element of the formula. For various reasons, some children have not completed the Key Stage 1 assessment (e.g. children arriving from overseas) and so will not attract funding. It was also noted that children can fall behind between Key Stage 1 to Key Stage 2 and so the formula needs to be more responsive to such changes.
- Officers proposed using the Year 4 reading test and under this approach, children in Years 5 & 6 would be funded according to that. The reading tests could also assist with moderation, through trend analysis, and this amendment to the formula would help address missing Key Stage 2 data for those schools that did not complete the national tests in 2010.
- At the meeting in September 2010 it was noted that the proposal would also address pupils moving in from out of county. It was requested that clarification be sought to establish whether schools had been given explicit instructions by the LA for statemented pupils not to complete the test; the suggestion was that the data may not be complete. Overall, the key conclusion was that the introduction of a Year 4 reading test into the formula should be supported, as it would provide an objective measure mid way through the key stage.

The latest findings and recommendations

- Data collected by officers showed that for the 2010 Year 4 reading test, 92% of pupils had completed it. The percentage of children at School Action recorded as completing the test was 92%, but it was a lower percentage for School Action Plus (89%). Most notably, only 7% of pupils with statements had completed the test and further investigations revealed that the LA's letter issued to schools with the Year 4 reading test stated that "completion of the test by statemented pupils had been left to the discretion of school". Therefore, the Working Group's assertion that statemented pupils had not completed the test appeared to be correct. Officers concluded that in fairness, funding should be provided for statemented pupils. It was therefore assumed that those statemented pupils that had not taken it would have achieved the lowest score.
- When determining the funding applicable through the Year 4 reading test, officers concluded that, for consistency, it would be appropriate to use weightings of 1, 1.5 and 3, and apply a percentage split across those weightings that mirrored the split for those weightings at Key Stage 1. Officers also proposed that in future years, schools should be advised to ensure that statemented pupils undertake the Year 4 reading test (this would therefore mean that the proposed solution for dealing with statemented pupils, i.e. assuming they achieved the lowest score, would be temporary).
- It was noted that four schools did not undertake the Year 4 reading test (Faldingworth, Reepham, Gainsborough St George's and Great Gonerby St Sebastian's) and so officers proposed that their Key Stage 1 assessment data would be used instead.

Question: How should the formula deal with children for whom attainment data was not available?

The background

- A small number of schools had raised concerns that some of their pupils may not have completed the Key Stage 2 tests, and would therefore not be considered for funding under the new SEN formula.
- Key points from the meeting in September 2010 included an acknowledgement that this situation can arise in every school for a variety of reasons, but often it will be on a small scale. It was suggested that in some cases, data may be unavailable for approximately 20% of pupils and that introducing another test, e.g. at Year 8, to capture all pupils, may be an expensive way to tackle this issue. It was noted that although data may be missing for some pupils, it does not necessarily follow that those pupils have SEN; the pupils may indeed have other needs, but they may not be special educational needs. The key conclusion was that where numbers are significant for individual schools, a separate funding mechanism should be explored. It was therefore agreed that some further work would be undertaken to see whether some schools had data available for less than 80% of pupils and, if so, how an additional system of funding might be developed for them, without duplicating the funding available via other formula factors, e.g. EAL, high turnover, etc. It was suggested that this may only affect 2 or 3 schools.

The latest findings and recommendations

- Data obtained by officers showed the proportion of pupils in each school that had prior attainment information:
 - 10 schools had between 80% and 90% of pupils matched to prior attainment data.
 - 34 schools had between 90% and 94%.
 - 183 schools had between 95% and 99%
 - 98 schools had a 100% attainment data for pupils.

Of the 10 schools that had the lowest matched data, four were from the Boston area and, given some of the others, there appeared to be a positive correlation with the influx of children from Eastern European countries. It was noted that as no school had less than 80% data, the matter might not be explored further given the Working Group's request that only those below 80% be considered. However, officers felt that approach would not uphold the principle of fairness, due to the fact that for some schools a significant percentage of children were not being counted as part of the new formula. Officers therefore propose that the numbers are grossed up for all schools. So, for example, where only 85% of data is matched, the figures would be grossed up by multiplying by 100 and dividing by 85. This simple approach assumes that the 15% of pupils for whom matched data is not available are similar in character to the 85% for whom data is available. Although this assumption may be rather broad, this approach will begin to recognise those pupils within the formula. Officers propose that this approach applies to all schools, as the use of, say, an 80% cut-off point would be purely arbitrary. Officers recognise that this element of the funding formula needs to be transparent, so that schools can see and understand the grossing up calculation.

Question: Should the funding of Bands 6 – 8 change following the introduction of the new formula?

The background

- The system for funding statements at Band 6 to 8 remained unchanged at 1 April 2010 and it was suggested that there was a possibility that schools with those pupils were double funded. That was because pupils with Band 6 to 8 statements were not excluded from the data used to distribute funding through the new formula; they could therefore be receiving funding for pupils through the new formula factor because their prior attainment is low, as well as statemented funding at Bands 6 to 8. Officers suggested that the preferred approach to resolve this may be to remove the children that qualify for Bands 6 to 8 statements from the data used to allocate the funding through the new SEN formula factor. This would remove the risk of duplication.
- The key point made in September 2010 was that modelling should first be undertaken to assess the financial impact upon individual schools (it was noted that the financial loss could be a maximum of c.£3k per child).

The latest findings and recommendations

- Data produced by officers showed the number of Band 6 to 8 statements in each school and how many of those pupils also triggered additional funding through the new SEN formula. The conclusion reached was a relatively small sum was being distributed to such pupils and this was spread across many schools.
- There were 742 pupils in receipt of Band 6 to 8 statements in mainstream schools at a cost of £8.063m, but only £0.562m of the new SEN funding formula was being distributed to those pupils. 35% of schools had qualified for this funding and, for most primary schools, the average additional funding is around £0.002m, with most being between £0.001m and £0.003m. For secondary schools, 6 received sums above £0.010m with one of those being £0.020m. It was noted that the funding could be removed, but there would be cost implications for completing that exercise. However, more importantly, the notion of double funding was reconsidered and officers noted that the Band 6 to 8 funding may not deal with prior attainment issues and so 'double funding' may not arise. Officers

noted that the two funding streams may be tackling different issues and concluded that it may be discriminatory to remove this funding. Officers therefore recommended that the current situation should be left unchanged, but that SEN officers should be advised of this aspect of the funding arrangements, for consideration when setting statements at Bands 6 to 8 in future years.

Question: How should we address the autistic spectrum through the funding formula?

The background

- The autistic spectrum is wide and it is considered by some people that the new funding formula does not respond adequately to this. Children with autism can require varying levels of additional support which cannot be measured easily or effectively through the prior attainment measures in the new SEN formula.
- A key point from the meeting in September 2010 was that autism is just one of several factors that can trigger low attainment, and undue focus should not be placed upon this category of need. It was noted that: the range of need varies tremendously, with some children needing much more tailored support; that there was an inconsistency in diagnosis within the county, and; that resources already held outside of the new formula could be used more flexibly to deal with those children that need greatest support (not just those children with autism). The key conclusions in September 2010 were that although this issue is very important, it should not be confined to the autistic spectrum and further work should be undertaken by officers to find a suitable solution.

The latest findings and recommendations

- Officers analysed data to see whether the Working Group's assertion that many pupils with ASD do not trigger funding through the SEN formula was correct. Data showed that 1,317 children are recorded as having ASD. 245 trigger funding through the new SEN formula and, if the 420 in special schools are excluded, that represents 29% of the ASD population. It was noted that none of the 39 children in grammar schools qualify for funding under the new SEN formula, but 35% of secondary ASD pupils qualify, as do 22% of primary ASD pupils. Officers recommend that this should be considered further by SEN colleagues in 2011.