

▶ Funding for Special Educational Needs and Disabilities and Alternative Provision: Response to DfE consultation

▶ A response from London Councils and ALDCS and the Association of London Directors of Children's Services (ALDCS)

London Councils represents London's 32 borough councils and the City of London. It is a cross-party organisation that works on behalf of all of its member authorities to make the case for powers, freedoms and resources to best serve the needs of London's residents and businesses.

The Association of London Directors of Children's Services (ALDCS) is the London professional network for Directors of Children's Services and the regional branch of the Association of Directors of Children's Services (ADCS).

1. Introduction

- London Councils and ALDCS welcome the focus of the DfE call for evidence on Funding for Special Educational Needs and Disabilities and Alternative Provision. This is an area of significant concern for London local government, especially in the context of the significant pressures on local authority high needs budgets.

2. Summary

Funding for pupils with SEN in mainstream schools

- Local authorities and schools have successfully delivered the reforms set out in the Children and Families Act 2014 and work hard to ensure that all children and young people with SEND have access to high quality provision that meets their needs. However, as the Secretary of State for

Education recognised in a speech to the NAHT in May, the system is under considerable strain due to funding pressures and changing needs¹.

- Significant pressure is being put on the system as government high needs allocations are not keeping up with growing demand. In 2017/18 32 local authorities had an overspend on their high needs block, amounting to a collective overspend of £77m. This, however, underestimates the true scale of the pressure in high needs as many councils have been holding the overspend within their Dedicated Schools Grant (DSG) and are now facing cumulative overspends of many millions. Given that demand and costs are still rising, as boroughs are running out of local capacity to meet needs, overspends on the high needs block look likely to continue to grow unless the government provides additional significant investment for SEND funding. It is vital that the government increases the overall amount of funding available to SEND provision in order for local authorities to be able to balance budgets and ensure that all children and young people with SEND have access to high quality provision and support.
- London Councils supports the inclusion of the current factors for SEND funding allocations, particularly: low prior attainment, IDACI, FSM and mobility, which act as good proxy indicators for identifying the number of children requiring SEN support. However, these indicators are not always that accurate in identifying children eligible for an EHCP and subsequently the first £6,000 of support a school has to provide to meet their needs, resulting in some schools being underfunded. One option to address this would be to create a targeted fund within the Schools Block that directs funding to schools based on their proportion of pupils with EHCPs.
- Allocating more funding towards lower attainment would help schools provide more targeted support to drive up performance and incentivise schools to accept lower attaining pupils, including many with SEND. It could encourage a more inclusive school system by decreasing the incidence of off-rolling in schools that are struggling to provide appropriate support for some pupils with SEND because of funding restrictions.
- London Councils believes that it is important that local authorities retain significant flexibility over how funding is allocated to schools for SEND. Local authorities have considerable local knowledge and expertise of needs, as well as oversight and duties to ensure all pupils with SEND receive appropriate support. Without flexibility to do this, local authorities may not be able to meet needs appropriately.

Funding for pupils who need alternative provision (AP) or are at risk of exclusion from school

- London Councils supports the recommendation in the Timpson review for schools to be held accountable for pupils they exclude whilst they are in AP and urges the government to include this in the new methodology. It is vital for schools to work closely with local authorities to ensure that an

¹ Speech to the NAHT conference on 3 May 2019 <https://www.gov.uk/government/speeches/damian-hinds-speech-at-the-2019-naht-conference>

excluded pupil has access to appropriate AP and that a clear plan has been put in place to reintegrate them into mainstream education, where appropriate. AP should be used as early intervention for pupils at risk of exclusion, and is in some local authorities, but there is a widespread need to do this more consistently. If schools were to remain financially accountable for excluded pupils, this would incentivise them to tackle poor behaviour earlier on, before it escalates to a longer, more costly stay in AP.

Improving early intervention at each age and stage to prepare young people for adulthood sooner

- Funding constraints are making it more difficult for boroughs to continue to fund non-statutory services, such as early intervention and prevention. London Councils is concerned that without the continuation of the Troubled Families programme grant their ability to provide early help will be significantly reduced.
- London Councils’ recently published report *Under pressure: an exploration of demand and spending in children’s social care and for children with special educational needs* by ISOS partnership, identified strong qualitative evidence that putting in place good quality early intervention and preventative services can have a positive impact in stemming the demand for EHCPs for individual children and young people. In particular, a number of boroughs reflected positively on the impact of work to build an effective graduated response to SEND in mainstream schools, to develop the skills of SENCOs through clustering arrangements, and commissioning outreach support to help schools effectively maintain children with more complex needs in a mainstream setting. However, these types of activity are under pressure across London due to budget constraints.

3. Funding for pupils with SEN in mainstream schools

What formula factors are most important in providing schools with enough money to ensure they meet the needs of their pupils with SEN? Please rank the following factors in order of importance with 1 as the most important.

- Age-weighted pupil unit of funding 1
- Low prior attainment† 2
- IDACI†† – a measure of area deprivation 3
- Eligibility for free school meals – a measure of deprivation relating to individual children 4
- Mobility – additional funding for schools that have a high proportion of pupils who start at a school mid-year 6
- Standard lump sum – intended to reflect fixed costs of a school, however many pupils and teachers are required 5
- These rankings are based on statistical analysis on the relationship between the number of SEN pupils and each factor of the formula. The rankings relate to the importance of the formula factor in explaining the number of SEN pupils in a local authority. Low prior attainment, IDACI, FSM and mobility are good proxy indicators for identifying the number of children requiring SEN support.

- However, these indicators are not always that helpful in identifying children eligible for an EHCP and subsequently the first £6,000 of support a school has to provide to meet their needs. One option to address this would be to create a targeted fund within the schools block that directs funding to schools based on their proportion of pupils with EHCPs on roll at the October census.

4. Funding for SEN through the schools funding formula

Would allocating more funding towards lower attainers within the low prior attainment help to better target funding towards the schools that have to make more SEN provision for their pupils?

Yes

What positive distributional impact would this change in approach (e.g. creating tiers of low prior attainment) create for mainstream primary and secondary schools?

- Allocating more funding towards lower attainers would help schools to be able to target more support at these children and improve their attainment. It would help to incentivise schools to accept lower attainers, including many children with SEND and could decrease the incidence of off-rolling practice in some schools that are struggling to provide appropriate support for some pupils with SEND because of funding restrictions. Therefore, this could lead to a more inclusive school system.

Would such a change in approach introduce any negative impact for mainstream primary and secondary schools?

- This change in approach may penalise schools which have higher attaining pupils with SEND. If lower prior attainment was weighted more heavily these schools are unlikely to see an increase in funding and may even see a decrease in funding, if the overall funding pot does not increase.

5. Targeted funding and support for SEN provision in schools

Please indicate whether you agree or disagree with the statements below, and in the comments box give the advantages and disadvantages of your preferred approach.

Agree Disagree Neither
agree nor
disagree

Local authorities should retain the flexibility to develop, in consultation with their schools, their own method of targeting extra SEN funding to schools that need it.

Agree Disagree Neither agree nor disagree

Central government should provide more guidance for local authorities on how they should target extra SEN funding to schools, but local authorities should remain responsible for determining the amounts in consultation with their schools.

Central government should prescribe a consistent national approach to the targeting of additional funding to schools that have a higher proportion of pupils with SEN and/or those with more complex needs.

- London Councils believes that it is important that local authorities retain significant flexibility over how funding is allocated to schools for SEND. Local authorities have considerable local knowledge and expertise of needs, as well as oversight and duties to ensure all pupils with SEND receive appropriate support. Without flexibility to do this, local authorities may not be able to meet needs appropriately.

6. Notional SEN Budget

Is it helpful for local authorities to continue to calculate a notional SEN budget for each school, and for this information to be published, as now?

Very helpful
 Somewhat helpful
 Neither helpful nor unhelpful
 Somewhat unhelpful
 Very unhelpful

For those responding from a school, who in your school(s) is involved in decisions about spending from the school's notional SEN budget?

Governors
 Head teacher / principal
 Senior leadership team
 SENCO
 Teachers

Other (please comment)

Should the national funding formula for schools include a notional SEN budget, or a way of calculating how much of each school's funding is intended to meet the costs of special provision for pupils with SEN?

Yes
 No
 Not Sure

Do you have any further comments on the notional SEN budget?

- London Councils argues that it is important that schools continue to receive additional funding through the notional SEN funding stream, as this makes the system more transparent and provides clear accountability about the expectations on schools to support children with SEND. However, we recognise that the understanding and usage of

the notional SEN budgets varies across schools. The DfE needs to be clearer about the expectations for this budget stream.

- In order to bring greater transparency and accountability to the system, it could be required that schools publish what they spend from their notional SEN budget. This would be similar to them system with the pupil premium.

7. The £6,000 threshold

Please indicate whether or not you agree with the following statements.

Agree

Not Sure

Disagree

The level of the threshold makes little or no difference to the system for making special provision: it is the level of funding available to schools and local authorities that is crucial.

The £6,000 threshold should be lower, so that schools do not have to make as much provision for pupils with SEN from their annual budgets, before they access top-up funding from the local authority.†

The £6,000 threshold should be higher, so that schools have to make more provision for pupils with SEN from their annual budgets, before they access top-up funding from the local authority.††

The operation of the £6,000 threshold should take account of particular circumstances.

If you have agreed with the final statement in question 9, please indicate below which circumstances you think would be relevant for a modified threshold or different funding arrangement.

Yes

Not sure

No

Schools that are relatively small.

Schools that have a disproportionate number of pupils with high needs† or EHC plans.

When pupils with EHC plans are admitted to a school during the year, which may create unintended consequences.††

8. Funding for pupils who need alternative provision (AP) or are at risk of exclusion from school

Please indicate your agreement or disagreement with the following statements.

Strongly disagree Somewhat disagree Neither agree or disagree Somewhat agree Strongly agree

The current funding arrangements help schools, local authorities and AP to work together and to intervene early where such action may avoid the need for permanent exclusion later

The current AP funding arrangements help schools and AP to reintegrate children from AP back into mainstream schooling where this is appropriate

How could we encourage more collaboration between local authorities, schools and providers to plan and fund local AP and early intervention support?

- London Councils supports the recommendation in the Timpson review for schools to be held accountable for pupils they exclude whilst they are in AP. This is needed as at present not all schools work closely with local authorities and AP once a pupil has been excluded, and no longer have an interest in their outcomes. London Councils believes that this accountability should also include funding AP for an excluded pupil, as well as for their educational outcomes. Schools should work closely with local authorities to ensure that appropriate AP has been sourced for an excluded pupil and that a clear plan has been put in place to enable the pupil back into mainstream education, where appropriate.

What changes could be made to improve the way that the AP budget is spent, to better enable local authorities, schools and providers to use the local AP budget to provide high quality AP, intervene early to support children at risk of exclusion from school, or reintegrate pupils in AP back into mainstream where appropriate?

- More AP should be focused on therapeutic services, with a view to reintegrate an excluded pupil to mainstream provision as soon as it is appropriate. AP should be used as early intervention for pupils at risk of exclusion, and is in some local authorities, but there is a widespread need to do this more consistently. If schools were to remain financially accountable for excluded pupils, this would incentivise them to tackle poor behaviour earlier on, before it escalates to a longer, more costly stay in AP.

9. Funding for students with SEN in further education

Are there aspects of the operation of the funding system that prevent young people from accessing the support they need to prepare them for adult life?

- Yes, it is important to note that students who have been SEN Support students at school have to “self declare” at post 16 (for example when they go to college). Many do not do this and so they “disappear” from the support / funding system. A better system could be that their presence is passed on from the school to the college system and colleges given the funds they need to provide appropriate support.

Notwithstanding your views about the sufficiency of funding, please describe any other aspects of the financial and funding arrangements that you think could be amended to improve the delivery of provision for young people with SEN.

- The lack of structure to top up funding means that local authorities and colleges spend lots of unnecessary time negotiating top up rates for individual pupils.

10. Improving early intervention at each age and stage to prepare young people for adulthood sooner

Are the current funding or financial arrangements making early intervention and prevention more difficult to deliver, causing costs to escalate?

- Yes, funding constraints are making it more difficult to continue to fund non-statutory services, such as early intervention and prevention. London Councils is concerned that without the continuation of the Troubled Families programme grant their ability to provide early help will be significantly reduced.

If you can you provide examples of invest-to-save approaches with evidence that they can provide value for money by reducing the costs of SEN support, SEN provision or other support costs (e.g. health or social care) later, please describe these below.

- London Councils’ recently published report *Under pressure: an exploration of demand and spending in children’s social care and for children with special educational needs* by ISOS partnership identified strong qualitative evidence from the fieldwork authorities that putting in place good quality early intervention and preventative services can have a positive impact in stemming the demand for EHCPs for individual children and young people. In particular, a number of boroughs reflected positively on the impact of work to build an effective graduated response to SEND in mainstream schools, to develop the skills of SENCOs through clustering arrangements, and commissioning outreach support to help schools effectively maintain children with more complex needs in a mainstream

setting. In Lewisham the graduated approach is reaping dividends in terms of more inclusive schools, less applications for assessments and subsequently lower levels of spend. In Bexley they have introduced an early years' intervention fund and found that 70% of the children who receive this early support and investment do not need EHCPs at a later date.

11. Effective partnership working to support children and young people with complex needs

Please describe as briefly as possible below changes that you think could be made to the funding system nationally and/or locally that would foster more effective collaborative approaches and partnership arrangements.

- Removing the cap on transferring funding between other blocks and the high needs block in the DSG, would allow local authorities and schools to have greater flexibility to innovate and collaborate locally.

12. Other aspects of the funding and financial arrangements

Are there any aspects of the funding and financial arrangements, not covered in your previous responses, that are creating perverse incentives?

- High needs funding allocations from the government do not currently meet the costs of providing support to children with SEND, which is putting a huge amount of pressure on the system. In 2017/18 32 local authorities had an overspend on their high needs block, amounting to a collective overspend of £77m. This, however, underestimates the true scale of the pressure in high needs as many councils have been holding the overspend within their Dedicated Schools Grant (DSG) and are now facing cumulative overspends of many millions. Given that demand and costs are still rising, as boroughs are running out of local capacity to meet needs, overspends on the high needs block look likely to continue to grow unless the government provides additional significant investment for SEND funding.