



Department  
for Education

# **SEND funding: longer-term changes**

**Call for evidence**

**Launch date 13 November 2014**

**Respond by 27 February 2015**

# Longer term changes to funding for children and young people with special educational needs and disabilities (SEND) – Call for evidence

**To** Local authorities; schools and colleges; any other interested organisations and individuals.

**Issued** 13 November 2014

**Enquiries to** If your enquiry is related to the policy content of the consultation you can contact the Department on 0370 000 2288 or email:

[SEnfunding.CONULTATION@education.gsi.gov.uk](mailto:SEnfunding.CONULTATION@education.gsi.gov.uk)

## Contact details

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the Ministerial and Public Communications Division by email: [consultation.unit@education.gsi.gov.uk](mailto:consultation.unit@education.gsi.gov.uk) or by telephone: 0370 000 2288 or via the GOV.UK '[Contact Us](#)' page.

# 1. Summary

1.1 We are inviting interested individuals and organisations to help us work out ways in which we can distribute special educational needs and disability (SEND) funding more fairly.

1.2 We have put together a pack of data about children and young people with SEND, and how they have been funded and are funded now. We are interested in any analysis of this data, and conclusions you may draw, that would contribute to this work.

1.3 We would also be interested in any local evidence that would inform the national debate.

# 2. About this call for evidence

2.1 In July, the Minister for Schools, David Laws, announced changes to the distribution of funding for mainstream schools within local authorities' dedicated schools grant for next year to address some of the unfairness in the current allocations. He acknowledged that we will not have a completely fair education funding system until we also reform the distribution of funding for pupils with high-cost SEND, and explained that this would be a priority for reform during the next parliament.

2.2 As well as making the funding fairer, any funding changes we introduce must support the reforms to the wider system of support for children and young people with SEN and disability that were contained in the Children and Families Act 2014 and are currently being implemented by local authorities, schools and colleges.

2.3 We have no specific funding changes in mind, although we are planning for a distribution that is more formulaic, and less based on past levels of allocation that have become outdated, and on local decisions on spending that have partly determined how much is allocated. To help us move to a better basis for distributing this element of local authority funding in future, we have commissioned some research, which is being undertaken by Isos Partnership.

2.4 They are reviewing the available literature and data, and will be conducting in depth fieldwork in 13 local authority areas: Bromley, Bury, Devon, East Riding of Yorkshire, Gateshead, Herefordshire, Lambeth, Leicestershire, Manchester, Newcastle, Somerset, Southend-on-Sea, and West Sussex. This research will focus on finding new and improved formula factors for distributing funds relating to SEND from national to local level and from local level to institutions.

2.5 We are now inviting other interested parties to help us with this work and to provide answers to some other questions about how we can distribute SEN funding more fairly.

### 3. What evidence we are looking for

3.1 As part of this call for a wider range of evidence we are publishing a pack of data about children and young people with SEND, by local authority, including data on attainment, funding and health. These data sets have already been published elsewhere, and some are included in the [local authority interactive tool \(LAIT\)](#) that we published in January 2014, and which is used for benchmarking and other purposes.

3.2 We will be working on these data sets over the next few months as part of our wider work on how we might make the distribution of SEND funding fairer. We are making the data available in this form so that others can look at the data that we think might be relevant to SEND funding policy, and can carry out analysis of the data if they wish. We would be interested in any reflections and conclusions they may draw from such analysis, and hope they will share these with us.

3.3 Early next year more data will become available – for example, from local authorities' expenditure outturn statements for 2013-14 – and we will update the data pack with this information.

3.4 We would also be interested in any local knowledge that would inform the national debate. In particular, we would be interested in finding out why the same pupils and students with SEND, or pupils and students with very similar needs, can be assessed very differently in different local authorities; and how this has made a difference to the allocation of funding. We would welcome responses from groups of two or more local authorities on how they would assess and allocate funding to secure appropriate provision for examples of children and young people with SEND. Such comparisons could use actual examples of children and young people with different types of SEND who have moved and been treated differently, or hypothetical examples. We have included, in a separate document, some profiles of children and young people with SEND that Isos Partnership is using in their fieldwork discussions with local authorities. These profiles could be used as a starting point for any comparisons, but detail would need to be added to make sure there was a common understanding of the examples.

3.5 We are also including below some questions that we are keen to have answers to. Those responding to this call for evidence may wish to provide specific answers to some or all of the questions, but can instead provide a general response, using the questions as prompts.

### 4. Questions

4.1 The distribution of revenue funding for SEND:  
Analysis of the published data may help suggest answers to some of these questions. In providing answers, please set out the supporting analysis as appropriate.

## National to local level funding distribution

**Q1. In moving to a fairer distribution of funding for SEND, which proxy factors other than those already included in the School and Early Years Funding (England) Regulations (e.g. low prior attainment, children from families entitled to free school meals) offer the best way of distributing funds from the Education Funding Agency to local authorities, or would these factors be adequate at this level of distribution?**

The move to a fair and transparent distribution of high needs funding from national to local level using a formulaic approach is welcomed. There is no reason to suppose that low incidence, high needs cases should occur in one area of the country more than another, although our experience is that socio-economic factors have the effect of creating additional complexities to meeting the needs of low incidence, high needs pupils. To that end we would advise the use of a formula based principally on numbers of pupils with a built-in weighting for deprivation as measured using IDACHI.

Since additional funding currently comes into the Local Authority for identified pupils who are LAC, LAC population does not need to be a factor in determining high needs allocations.

Prior attainment is a factor which the Local Authority can use to distribute funding to institutions, and need not be a factor for distribution from national to the local level. To do so would create an unnecessary additional administrative burden in gathering data at the local level to use at the National level. It could also create perverse incentives in how prior attainment is measured.

Where there is a sparse population the impact of high needs on the schools setting would be greater and flexibility in terms of group work would be affected. In a small school scenario with a small number of pupils with high needs there would be limited opportunities for economies of scale. For a Local Authority there would be additional costs associated with home to school transport. If a sparsity factor is easily measured between local authorities, this could be a helpful factor to include in the national formula.

Benchmarking data shows Nottinghamshire to be a below average funder of high needs places (Nat. average is £3,337 per pupil, in Notts it is £2,676). The lower funding that we provide reflects the below average per pupil allocation of high needs funding to the Local Authority from the DfE. This shortfall cannot be made up by contributions from the schools or early years blocks of the DSG without undermining the fair-funding formula which has been set to determine these other budgets. There is no capacity to provide a top-up from the wider LA budget.

**Q2. Apart from using a formula, is there anything else we could do to make the allocation of funding for SEND to local authorities fairer? For example, how far should we take into account the pattern of provision that has developed in the locality, and the cost of that?**

There is a danger in setting the high needs allocations to local authorities on the basis of their historical use of specialist provision, on the number of statements/EHC plans issued, or on declared numbers of pupils with high needs. To do so would disadvantage local authorities which have hitherto worked with schools and their own Schools Forum to become inclusive. There is a need to agree a formula which requires there to be an opportunity cost of specialist high needs placements on schools budgets, brokered through the Schools Forum.

In moving towards the use of a national formula to allocate high needs funding to local authorities, there is likely to be a need for transitional support. If this is applied, it should do so with transparency across local authorities of what their 'true' high needs allocation should be.

Nottinghamshire is an inclusive LA and therefore receives less funding than LAs with higher numbers in high cost independent establishments. Although some LAs make more use of expensive non-maintained provision this relates more to exercising the choice to do so rather than being as a result of a different pupil population. In Nottinghamshire, mainstream and local special schools which make provision for pupils who in other LAs are educated 'out-county', are required to divert funding which would otherwise be spent on pupils with lesser or no special educational needs.

**Q3. Are there types of SEND that are best handled above the level of individual local authorities and, if so, how might that best be dealt with in the funding system? Should collaboration between local authorities be encouraged through the funding system?**

Regional collaboration between LAs should be encouraged in the commissioning of provision for pupils with needs which are of extremely low incidence. This collaboration does not require a separate funding route which is independent of the high needs allocations to LAs.

There is a strong argument for funding which has hitherto been provided by health on an individual pupil basis through decisions around continuing care to be combined and allocated using the same national high needs formula. This will reduce bureaucracy, duplicate assessments, and reduce inconsistencies and debate about respective responsibilities for funding high needs provision.

## Local to institution level funding distribution

**Q4. Are there other funding formula factors that could provide a good proxy for institutions' need to spend on children and young people with SEND? Are different factors appropriate for funding provision of support for those with high incidence low cost SEN and for funding provision of support for those with high level SEN? For each factor, are any perverse incentives associated with it?**

Whilst ever there is flexibility at the local authority level, working in collaboration with Schools Forum, to allocate the high needs block, these decisions are best determined at the local level. In Nottinghamshire this has enabled us to take account of sparsity factors, as well as differences between mainstream schools in how inclusive they are. It has also enabled us to support otherwise non-viable small special schools where the costs of not doing so to the overall budget, as well as to individual children and their parents would have been perverse.

**Q5. It is less resource intensive to allocate funding on the basis of proxy measures or using pre-determined bands of funding, particularly if the necessary data collection mechanisms are already in place, but such allocation methods can fail to take sufficient account of individual circumstances and the cost of meeting pupils' and students' needs in the setting, particularly where the cost is comparatively high. How can the right balance best be achieved in allocating funding to institutions?**

Nottinghamshire has recently refined its local funding formula. The current banded system works well and is applied across geographical clusters of schools. The system has evolved over a period of years. It has the respect of participating schools and moderation sits with these schools. The key to the successful balancing of the implementation of a fair local formula which nonetheless takes account of particular circumstances is the active and collective engagement of schools. This approach fosters local ownership of decision-making which recognises the truth of opportunity cost; it moreover provides a local forum for discussion around SEND development and support.

**Q6. In what circumstances would it make sense for local authorities to be able to distribute some SEND funding to a level above that of individual institutions: for example to geographical clusters of schools, or to multi-academy trusts, leaving them with more discretion on the further allocation of those funds to individual institutions?**

In Nottinghamshire this already takes place. Funding has been devolved to geographical clusters of schools, and this has worked most effectively in circumstances where the cluster has asked for the devolution to take place. Where

this has happened the Local Authority has assumed more of a role of monitoring and accountability.

Nottinghamshire has recently begun to devolve funding to partnerships of schools for behaviour, including recycling funding which had previously been allocated by the local authority to support 'out-county' placements. The development of partnership working has taken place both with maintained and academy schools.

**Q7. In distributing funding to institutions, which methodologies are most efficient and offer the best prospect of reducing bureaucracy, whilst at the same time make sure that money gets to the institutions that need it to support their pupils and students with SEND?**

Local authorities should use a range of methodologies to allocate high needs resources, some of which will be allocated safely with minimal bureaucracy whilst other resources will require more of an individual pupil led approach. The principle should be that schools are best placed to make decisions about the relative needs of pupils, as long as they work within a decision-making context of other schools. Nottinghamshire is looking to maximise devolution to localities with the caveat that this is achieved safely, fairly and transparently.

There is a recognised tension with this approach, and the idea of personal budgets agreed between the parent and the local authority. The notion of personalisation works better between the parent and the school. As noted above, reducing bureaucracy shouldn't be the sole driver where bringing schools together to make fair decisions can have a positive developmental effect.

**Q8. How are local authorities securing appropriate contributions from their social care budgets, and from local NHS budgets, and how should such contributions be taken into account in the distribution of education funding?**

Nottinghamshire currently secures joint funding from its Specialist Integrated Resource Panel arrangements for children who are in care and have complex health needs. There are proposals to disband this panel and use the EHC Plan pathway as a way in which a measured assessment of needs will determine contributions from social care and health. It is proposed to locate a health continuing care nurse in the EHC Commissioners Hub to participate in the EHC assessment process.

There is a strong argument for a significant proportion of CAMHS resources to be treated as an element of the high needs block. This would require national leadership and sign up.

To support the implementation of true joint commissioning across education, health and care, there should be identified funding streams from each agency which are

aligned and available to allocate jointly. The mechanism for this joint commissioning would be determined at the local level.

**Q9. How will the way funding is allocated to institutions impact on local authorities' ability to offer personal budgets for SEND provision?**

The whole notion of personal budgets is a complex one; it highlights the tension of decision-making at the level of the individual pupil and the need to make decisions which are fair and proportionate across a wider population of pupils. It will need to be clear what parents can expect from schools. Devolving more funding to schools reduces the amount that the LA is able offer parents as a personal budget. This links closely to the EHC Plan process and there needs to be clarity in relation to decisions about how funding is allocated and how much is being spent by the LA which may be released as a cash payment.

**Q10. How are local authorities allocating funding to early years providers (schools as well as the private, voluntary and independent sector) for both low cost and high level SEND? Are authorities using the early years block of funding within the dedicated schools grant (DSG) or the high needs block? How are they calculating the funding required (e.g. are they using formula factors, or assessing the cost of support required on an individual basis, or taking a different approach)?**

In Nottinghamshire Early Years SEND funding is allocated through the local authority budget and not the Dedicated Schools Grant budget. Our main concern is with regard to the access to any funding by PVI providers who support SEND children too. The pressures on this locally allocated budget are ever increasing with more and more young children identified as having high level needs. We have reviewed the criteria to allocate this funding to ensure that it is targeted at the same threshold as for pupils with high needs attending schools. The funding rate for eligible 2 year olds is due to reduce from April 2015, which will exacerbate the problems of some settings in continuing to make provision for high needs children.

**4.2 Local authorities' approaches to capital investment:**

The data we have published and research we have commissioned are primarily about revenue funding distribution, but we are interested in how we can improve the funding of specialist facilities for pupils and students with SEND, where there is demand for new places or expansion.

**Q11. What are the different approaches that local authorities are taking**

**towards capital investment to create specialist provision – in special schools, special units attached to mainstream schools, and similar types of provision in academies and colleges – and what are the drivers behind these?**

Nottinghamshire County Council has a number of capital programmes that special schools can benefit from. These grants are distributed across all schools after being reviewed on a need basis. These programmes are funded through the Capital Grants received from the EFA and LA funding gained from a prudential borrowing regime. The three programmes under which a school can gain capital funding are:

- **School Access Initiative Programme** – used to fund capital expenditure requirements that have been identified to address the specific needs of SEN pupils in Nottinghamshire schools. Since the cessation of the SAI capital budget, Nottinghamshire has identified funding annually from both grant and local borrowing to support the on-going programme needs.
- **School Capital Refurbishment Programme (SCRIP)** – special schools have benefitted from Nottinghamshire’s SCRIP programme of investment. This programme of work has been set up to deal with priority condition issues across Nottinghamshire’s maintained school estate and is funded from the capital maintenance grant and LA funding.
- **Priority School Building Programme** – Schools can be built/ rebuilt using this Government Grant. Where necessary, additional contributions are added from the Nottinghamshire County Council Capital Programme.

**Q12. What sources of capital funding do local authorities use to create specialist provision, and what factors affect this?**

Nottinghamshire’s specialist provision have benefitted from the following funding streams:

- DfE School Capital Maintenance Grant
- DfE Priority Schools Building Programme
- Nottinghamshire County Council borrowing through the Prudential Borrowing regime.

Nottinghamshire County Council has previously used all of its available funding streams to provide a coherent approach to investment in schools. The Government’s austerity measures have had an impact on these grant streams with a subsequent reduction in local authority funding.

It is also becoming increasingly unlikely that borrowing will be available in the near future to fund capital expenditure in schools.

**Q13. What factors drive local authorities’ decisions to invest capital in additional specialist provision – as opposed to using revenue funding for placements in existing mainstream/specialist provision, or placements in another local authority or in the independent sector?**

All Departments are asked to submit capital priorities on an annual basis to the Corporate Asset Management Group. Requests for capital work on specialist school projects would come through this route as the authority looks to prioritise their capital investment. The strain on the LA's Capital funding means that increasing provision is difficult. The availability of suitable existing provision for Nottinghamshire's children negates the need for capital investment in increased LA owned provision.

**Q14. Do local authorities take into account the cost of transport for pupils and students with SEND when making decisions about capital investment, and compare this investment with the cost of residential provision out of the area?**

Nottinghamshire County Council are currently conducting a review into the increasing costs of transporting students with SEND from home to school. Capital investment to increase local provision and consequently reduce transport costs has not been fully investigated due to the lack of capital funding currently available.

**Q15. What specific criteria do local authorities use in allocating capital funding for specialist provision?**

Capital funding for specialist provision is evaluated on an individual basis through the LA's School Access Initiative scheme. Minor adaptations will be made to a school if it is inaccessible to a student.

**Q16. What data do local authorities collect and hold on current capacity and forecast pupil numbers for different types of specialist provision?**

Nottinghamshire gain and hold information on our total school population from the termly school censuses that are undertaken. Information on population received from the Office of National Statistics and GP registration data allow Nottinghamshire to forecast growth in need of provision needed for our school age population. As Nottinghamshire are an 'inclusive' authority, children, where possible, are placed at their catchment school so growth in population would not necessarily be reflected in the growth of specialist provision requirement.

**Q17. Do local authorities pool capital funding to create shared specialist provision? If not, should this be considered and what are the barriers?**

Nottinghamshire do not pool capital funding with other local authorities to create shared specialist provision. However the success of independent regional specialist provision would suggest that this would be worth investigating.

**Q18. What approach should the Education Funding Agency take in allocating capital funds for specialist provision?**

It should not be necessary to have specific funding streams for the refurbishment and expansion of specialist provision as this is manageable by the authority as part of the general school capital grants. However a specific funding stream for school's access issues would be very useful.

**5. How to respond**

5.1 We would be grateful for views of any kind, and in any format, on this topic in the period up to the end of February 2015. Please use the email address that we have set up for this purpose: [SENFunding.consultation@education.gsi.gov.uk](mailto:SENFunding.consultation@education.gsi.gov.uk).

5.2 Or send your response to:

SEN Funding Call for Evidence  
Department for Education,  
Infrastructure and Funding Directorate,  
Sanctuary Buildings (4th floor),  
Great Smith Street,  
Westminster,  
London,  
SW1P 3BT

5.3 We will make sure that responses are brought to the attention of the Isos Partnership research team so that they can be taken into account as they conduct their work. We will also be arranging some seminars in January 2015 for discussion of the data and analyses, and would like to know by the end of November of any individuals who would wish to contribute to those. Please use the email address above to let us know if you are interested in participating.

**6. Deadline**

6.1 The call for evidence closes on 27 February 2015.



Department  
for Education

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