

Locality Funding Review Update

Key Messages

Forum members are asked to:

- Note that the funding has already been agreed and note the action plan for implementation from September 2022.

1. Introduction/background – purpose and scope of the review

1.1. Purpose of review

- A review is in progress regarding how SEND Element 3 funding is allocated for individual children in mainstream school.
- The purpose of this is to develop and improve our ability to allocate funding in a timely and targeted way to ensure that plans are appropriately resourced in mainstream school to meet children's needs.

1.2. Scope of Review

The scope of this review is Sheffield's Element 3 as defined below:

Funding for children in schools covers:

- a. AWPU (Element 1 = average 3-4k)
- b. Notional (Element 2 = 6k)
- c. Top-up (Element 3 = Delegated Locality Funding and exceptional needs funding)

Top-up funding (sometimes referred to as element 3) is the funding required over and above the core funding (sometimes referred to as elements 1 and 2).

In Sheffield this comprises of Locality Funding and Exceptional Needs Funding.

1.3. Statutory guidance

There are three areas of government guidance that relate to this work. These are important to ensure any changes to the model are in line with statutory guidance:

- a. High Needs Funding Operational Guidance
- b. Children and Families Act 2014
- c. SEND Code of Practice

Key sections of this guidance are detailed in Appendix 1 for reference.

1.4. Current Arrangements

Locality Funding is delegated to seven localities with guidance from the LA for its use, however the LA remains accountable for the funding and its outcomes.

1.5. Benefits and limitations of the current model

- Locality ways of working enable local responses and approaches to innovation such as building capacity and skills.
- The model is schools-led with named locality lead Headteachers in place.
- Schools tell us that processes and timescales are too long and complex, and funding does not reach the school in a timely way.
- We are currently unable to demonstrate how the needs of children with EHCPs are met through the funding allocation.

1.6. Stakeholder consultation and involvement

A multi-agency steering group has been established to steer and guide the review, ensuring input from locality leads, Parent Carer Forum, Finance and SEND service leads, and Commissioners.

2. Financial Allocation

2.1. Current Financial Allocation

Financial Year 21/22	
Total Locality Budget	£4,475,000
39521 - EHCP top-ups (Exceptional Needs)	304,000
39517 Locality budget	4,171,000
Children with EHCP plans attending PRU	150,000
Available for distribution	<u>4,021,000</u>

2.2. Increase financial allocation

The Forum has already agreed to transfer £1.5m from the Schools Block to the High Needs Block to action this. The additional funding will be used to:

- Increase the available budget to fund provision as set out in EHCPs that are identified as needing additional funding this academic year.
- To create new funding mechanisms from September 2022 onwards, as described through the process outlined in this paper.

A proposal to allocate an investment of £1.5m to increase the Element 3 Funding allocation has been put to the Schools Forum.

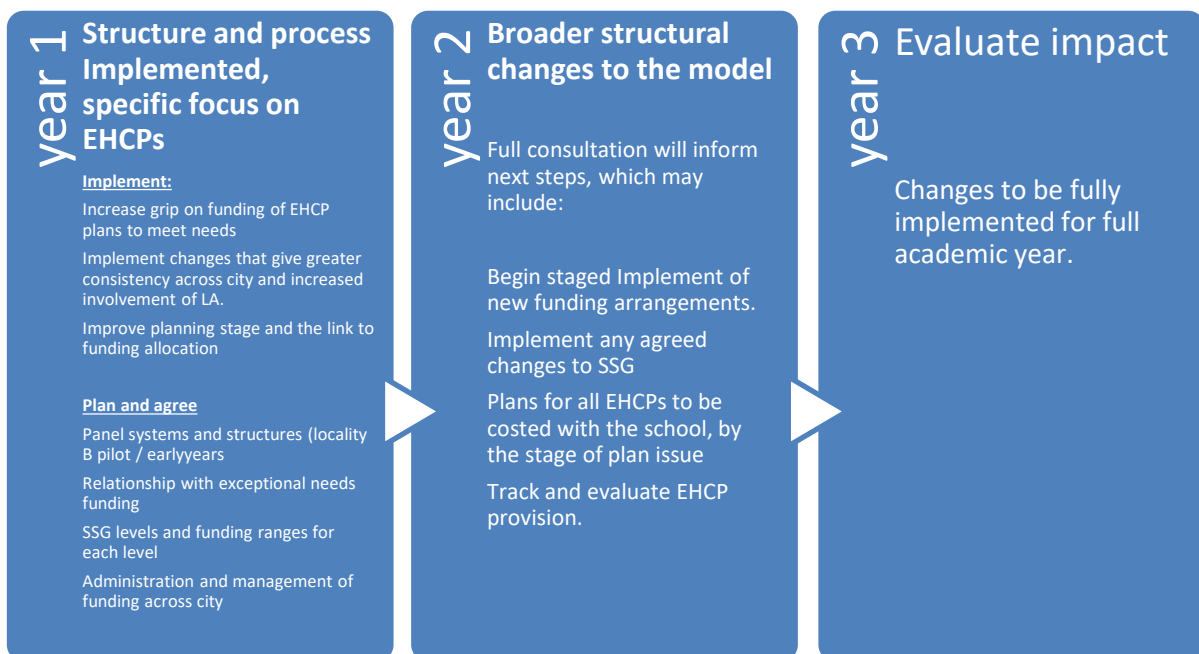
The increased funding will be used to increase the overall allocation to Element 3 and enable more sufficient funding to implement a new model through the process described below. Fundamentally, the funding will:

- Increase Funding for children with EHCPs in order that it be appropriate to resource the provision required in section F of the plan.
- Ensure that the funding for children with MyPlans is timely and appropriate to fund provision.

3. Three-year Plan

3.1. A three-year plan was developed through collaboration with sector representatives and was agreed by the Education and Skills senior leadership team (SLT) in August 2021.

Diagram of summary of plan year-by-year



4. Options being considered

4.1. The following models are being explored through a modelling exercise considering:

- Financial implications.
- Ability to meet the needs and statutory duties.
- Manageability.
- Accountability.
- Risk factors.

4.2. In order to move towards any of the options below, it is necessary to conduct a costing exercise for a representative proportion of plans. This exercise will take

plan in February – March 2022. This enables each option to be evaluated for outcomes, and financial modelling to take place to inform decision-making.

- 4.3. Once complete, an options appraisal will go to senior managers prior to a full consultation with stakeholders.
- 4.4. It is anticipated that a contingency (or exceptional needs) fund will always be needed as part of a model.

Model	How it works	Pros and cons
<p>Fully costed plans There are two ways of implementing costed plans:</p> <p>1- Pounds and pence: i.e. costing exact provision as described in the plan and costed by school.</p> <p>2. Within parameters: using agreed standard consistent rates.</p>	<p>Costing of provision maps led by either the allocator of the plan (EHCPs) or the school (Myplans)</p> <p>Costs within agreed parameters such as agreed hourly rates creates a more standardised approach.</p>	<p>Time consuming.</p> <p>Difficult to predict financially.</p> <p>Costs to the plan so likely to be more accurate.</p> <p>Risk of lack of consistency if using a 'Pounds and Pence' model as this can lead to different receiving different allocations.</p>
<p>Banded Model</p>	<p>Agreed funding bands based on an understanding of needs and provision at different levels within a system.</p> <p>This requires a grid system to band against such as the SSG / as a points system.</p>	<p>Need for change within SSG or a system that works alongside this.</p> <p>Could feel like a backwards move for some localities.</p>
<p>Resource Allocation System (RAS)</p>	<p>Nuanced banded model</p> <p>A RAS is developed by taking costed plans to analyse and feed into a system that calculates costs against needs/provision.</p> <p>Costs within the system are based on local costings and financial information provided by the LA.</p>	<p>Can provide a more nuanced banding system than above.</p> <p>Works for EHCPs.</p>

Mixed Model	Use a RAS or costing system for EHCPs with a slightly different model in localities for children with Myplans – such as costed provision maps	Would allow us to differentiate between EHCPs and MyPlans. Could allow for more timely allocation of funding against EHCPs as they are agreed.
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5. Next steps

Area of work	Deadline for completion	Tasks
Processes	January – February 2022	<ul style="list-style-type: none"> All localities are submitting child level information on funding allocations which will be analysed in January. This will show us the current picture of child level needs and levels of funding given by need. This will also enable us to analyse gaps such as number of EHCPs not receiving funding, funding by SSG level, differences in levels of funding at child level between areas etc. Locality SENDSAR managers to be attending all locality panels.
Costing exercise	End March 2022	<ul style="list-style-type: none"> A costing exercise of newly issued EHCPs is planned to take place led by SENDSARS in locality F in January / February. This will enable us to evaluate the full cost of meeting the provision outlined in the plan for a small number of cases, and therefore allow us to project costs more accurately for EHCPs as a city. <u>A theoretical costing exercise of existing EHCPs and Myplans</u> from localities. <i>In order to move towards any of the described models, we need first to understand the actual cost of provision based on need identified within plans. This exercise is key in enabling financial modelling of the model options.</i>
Financial modelling against options	to be completed in April – May 2022	Taking the above costing analysis, we will work between Commissioning and Finance to do financial modelling of agreed options.
Consultation with stakeholders	to be agreed.	A full consultation with stakeholders will be required prior to making changes to the model.
Implementation of new model	Academic Year 2022 – 2023	Changes are likely to be implemented in stages through the academic year.

6. Recommendations

Forum members are asked to:

- **Note** that the funding has already been agreed and note the action plan for implementation from September 2022.

Appendix 1

Government Guidance

The following details the key areas of each guidance relevant to this review.

1. High Needs Funding Guidance

Meeting Stat Duties:

- High needs funding is provided to local authorities through the high needs block of the DSG, enabling them to meet their statutory duties under the [Children and Families Act 2014](#).
- Top Up funding is paid by the commissioning local authority and should reflect the costs of additional support to meet the individual pupil or student's needs.
- Top-up funding can also reflect costs that relate to the facilities required to support a pupil or student's education and training needs
- In all instances, pupils or students with an EHC plan must have their placement commissioned by a local authority, and the local authority should confirm in writing the amount of top-up funding to be paid.

EHCP funding with flexibility to fund outside the stat process:

- Although many of the pupils and students receiving high needs funding will have associated education, health and care (EHC) plans, local authorities have the flexibility to provide high needs funding outside the statutory assessment process for all children and young people with high needs up to the age of 19.
- Even where provision is specified in an EHC plan, there is no statutory requirement that a local authority has to pay top-up funding at a particular rate requested by a school or institution. Where disagreements arise about funding levels for individual children and young people, institutions need to work with the commissioning local authority to resolve them.
- The document highlights the need for ***fair, transparent and timely*** processes for allocating top up funding.

Partnership:

- One of a local authority's statutory responsibilities is to keep the special educational provision in their area under review, working with parents, young people, schools and colleges, as set out in chapter 4 of the SEND Code of Practice.

[High needs operational guide 2021 to 2022 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Children and Families Act 2014 (S 42)

- the LA ***must*** secure all the special educational provision in the EHC plan. Therefore, LAs should make sure that the funding allocated to an EHC

plan is sufficient to do so. The LA remains ultimately responsible for making the provision if school cannot or will not do so.

SEND Code of practice:

- 9.2 The purpose of an EHC plan is to make special educational provision to meet the special educational needs of the child or young person, to secure the best possible outcomes for them across education, health and social care and, as they get older, prepare them for adulthood
- 9.3 A local authority must conduct an assessment of education, health and care needs when it considers that it may be necessary for special educational provision to be made for the child or young person in accordance with an EHC plan.
- 9.5 EHC plans should be forward-looking documents that help raise aspirations and outline the provision required to meet assessed needs to support the child or young person in achieving their ambitions. EHC plans should specify how services will be delivered as part of a whole package and explain how best to achieve the outcomes sought across education, health and social care for the child or young person.