



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday 21 September 2023
Title of report:	2024-25 Notional SEN Budget
Type of report: Delete as required	For information
Executive summary: Including reason for submission	<p>This report provides:</p> <ul style="list-style-type: none"> - An update on the latest DfE guidance on the operation of the notional SEN budget within local school funding formulae - An analysis of the operation of the notional SEN budget across other local authorities nationally and across other similar local authorities - Proposals for updating the North Yorkshire Council notional SEN budget in order to comply with DfE guidance and to better reflect the notional SEN budget requirements of schools within North Yorkshire
Budget / Risk implications:	<p>The notional SEN budget is an identified amount within a maintained school's delegated budget share or an academy's GAG (General Annual Grant). The budget is intended as a guide for a school's spending decisions and is neither a target nor a constraint on a school's duty to use its 'best endeavours' to secure special provision for its pupils with SEN.</p>
Recommendations:	<p>The Schools Forum is asked:</p> <ol style="list-style-type: none"> To note and comment on the analysis that has been undertaken on the North Yorkshire notional SEN budget calculation. To note and comment on the alternative notional SEN budget calculation models developed. To note the proposal to seek views from schools, through the 2024-25 North Yorkshire school funding consultation, on the implementation of the Model 1 methodology for the calculation of 2024-25 school notional SEN budgets.
Voting requirements:	N/A



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Appendices:	Appendix 1 – Variance analysis between notional SEN budget funding and indicative notional Sen budget funding requirement.
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Presenting officer: If not the originator	

1.0 **PURPOSE OF THE REPORT**

1.1 This report provides:

- An update on the latest DfE guidance on the operation of the notional SEN budget within local school funding formulae
- An analysis of the operation of the notional SEN budget across other local authorities nationally and across other similar local authorities
- Proposals for updating the North Yorkshire Council notional SEN budget in order to comply with DfE guidance and to better reflect the notional SEN budget requirements of schools within North Yorkshire.

2.0 **BACKGROUND**

2.1 Local authorities are required to comply with the requirement to identify, for each mainstream school in their area, a notional amount to guide schools in their spending to meet the costs, up to £6,000 per pupil, of additional support for the school's pupils with special educational needs (SEN). Although this is an indicative amount, the DfE identify that it is important that it is sufficient for the reasonable additional costs that may be incurred by schools. The requirement for local authorities to identify this budget for their schools is set out in regulation 11(3) of the **School and Early Years Finance (England) Regulations 2023**¹. That regulation requires that:

“the local authority must identify within each budget share an amount calculated by reference to the requirements, factors and criteria specified in Part 3 [that is, the various elements of the local schools funding formula] which are relevant to pupils with special educational needs; such amount must be calculated using a threshold sum of £6,000 per pupil below which the school will be expected to meet the additional costs of pupils with special educational needs from its [annual] budget share”.

2.2 The **Children and Families Act 2014**² secures the general presumption in law that children and young people with SEN should be educated in mainstream education settings. The **SEND code of practice**³, which is statutory guidance to which schools must have regard, sets out mainstream schools' current legal duties in relation to their pupils with SEN. Those duties include that schools must use their best endeavours to secure that the special educational provision called for by a pupil's special educational needs is made.

2.3 The methodology for the calculation of the notional SEN budget within the local school funding formula within North Yorkshire has not been reviewed for a number of years.

3.0 **OPERATION OF THE NOTIONAL SEN BUDGET**

3.1 Mainstream maintained schools and academies are notified each year of a clearly identified but notional SEN budget, within their overall budget allocation. Schools should use this SEN budget towards the costs of fulfilling their duty to use their 'best

¹ <https://www.legislation.gov.uk/ukxi/2023/59/contents/made>

² <https://www.legislation.gov.uk/ukpga/2014/6/contents/enacted>

³ <https://www.gov.uk/government/publications/send-code-of-practice-0-to-25>

endeavours' to secure that special educational provision for their pupils with SEN is made. Local authorities are responsible for calculating the amount of the notional SEN budget using funds from the schools' block DSG with reference to the local mainstream schools funding formula factors.

- 3.2 The notional SEN budget is not a budget that is separate from a school's overall budget. It is an identified amount within a maintained school's delegated budget share or an academy's GAG. The budget is intended as a guide for a school's spending decisions and is neither a target, nor a constraint, on a school's duty to use its 'best endeavours' to secure special provision for its pupils with SEN. It should be noted that the notional SEN budget is not intended to provide £6,000 for every pupil with SEN, as in many instances pupils' support will cost less than this amount.
- 3.3 There is currently no national approach to the calculation of schools' notional budget for pupils with SEN through the NFF. Local authorities should decide, following discussions and consultation with schools and the schools' forum, how big the notional SEN budget should be. Local authorities should take into account how many pupils have been identified by schools as in the SEN support category and how many pupils' are attracting element 3 top-up funding to the school through an EHCP for whom schools are expected to contribute £6,000 per pupil towards the cost of their additional support.
- 3.4 The majority of local authorities calculate their schools' notional SEN budget using a combination of funding from the basic entitlement factor, the deprivation factors and the low prior attainment factors in the local funding formula. Depending on how the local formula is constructed and the overall weighting of the different formula factors, the DfE expectation is for the calculation of the notional SEN budget to include:
- a small part of the basic entitlement funding
 - a larger part of deprivation funding, reflecting the higher prevalence of lower level SEN amongst disadvantaged pupils
 - the majority or whole of the low prior attainment factor funding, as DfE consider this to be currently the best proxy for pupils with low-cost, high-incidence SEN

Other elements of the funding formula may also be used – for example to reflect the prevalence of SEN amongst particular groups of pupils such as those who frequently move between schools, as captured by the mobility factor. A proportion of the lump sum could reflect any fixed costs of making SEN provision that would apply to all local schools or diseconomies of scale relevant to small schools.

- 3.5 The DfE recommend that local authorities undertake a check of the notional SEN budget calculation for 2024-2025 to ensure that it is in line with the latest DfE guidance and that an annual review is carried out subsequently. DfE have also indicated that that a validation check may be undertaken as part of the DfE school budget submission process and local authorities will be asked to review their calculations if it appears that their total notional SEN budget provides schools with less than a certain amount per pupil identified as on SEN support, having deducted £6,000 per pupil with an EHC plan.

4.0 REVIEW OF THE NORTH YORKSHIRE LOCAL SCHOOL FUNDING FORMULA NOTIONAL SEN BUDGET

4.1 In response to the latest DfE guidance, a review has been undertaken of the North Yorkshire local school funding formula SEN budget. The review has considered:

- Comparison of the funding formula factors and factor weightings used within the North Yorkshire local school funding formula to those used by other local authorities nationally and those used by other similar local authorities (typically rural authorities);
- Comparison of the average notional SEN budget per pupil⁴ within the North Yorkshire local school funding formula to the average notional SEN budget per pupil for other local authorities nationally and that of other similar local authorities (typically rural authorities)
- Analysis of the North Yorkshire notional SEN funding requirement per pupil based on the number of pupils⁵ identified by schools as in the SEN support category and how many pupils are attracting element 3 top-up funding to the school through an EHCP

4.2 A comparison has been undertaken of the funding formula factors and factor weightings used within the North Yorkshire local school funding formula to those used by other local authorities nationally and those used by other similar local authorities. The results are outlined in Table 1 below:

Table 1: Notional SEN budget factors and factor weightings

Formula Factor	North Yorkshire Use & Weighting	LA National Average Use & Weighting	Similar LA Average Use & Weighting
Primary Basic Entitlement (AWPU)	0.39%	3.32%	3.24%
KS3 Basic Entitlement (AWPU)	0.48%	3.13%	3.21%
KS4 Basic Entitlement (AWPU)	0.48%	3.11%	3.19%
FSM	17.10% (P) 23.30% (S)	25.30% (P) 25.50% (S)	21.81% (P) 21.88% (S)
FSM6	17.10% (P) 23.30% (S)	37.20% (P) 36.60% (S)	37.63% (P) 36.35% (S)
IDACI	5.00% (P) 7.20% (S)	35.87% (P) 35.67% (S)	45.95% (P) 46.41% (S)
EAL	0.00% (P) 0.00% (S)	15.53% (P) 15.55% (S)	10.71% (P) 10.71% (S)
Mobility	32.00% (P) 59.00% (S)	13.00% (P) 13.00% (S)	7.86% (P) 7.86% (S)
Prior Attainment	100.00% (P) 100.00% (S)	85.00% (P) 85.00% (S)	89.39% (P) 88.36% (S)
Lump Sum	0.00% (P) 0.00% (S)	1.80% (P) 1.70% (S)	2.00% (P) 1.90% (S)
Sparsity	0.00% (P)	0.00% (P)	0.21% (P)

⁴ Average calculation based on overall pupil numbers rather than only pupils with SEN

⁵ Based on October 2022 census data

	0.00% (S)	0.00% (S)	0.21% (S)
Exceptional Circumstance	0.00%	0.00%	0.21%
MPPL	0.00%	3.80%	3.96%
MFG	0.00%	1.70%	0.00%

The data analysis indicates a number of formula factor areas e.g. AWPU, IDACI and FSM6 where the current local notional SEN budget calculation for North Yorkshire is significantly different to that of other local authorities nationally and other similar local authorities.

- 4.3 A comparison has been undertaken of the average notional SEN budget per pupil (based on overall pupil population) for the current North Yorkshire local school funding formula to the average notional SEN budget per pupil (based on overall pupil population) for other local authorities nationally and that of other similar local authorities. The results are detailed in the table below:

	Notional SEN Budget - Average Funding Per Pupil*		
	North Yorkshire	LA National	Similar LA
Notional Average SEN Budget Per Pupil	£417.80	£654.06	£572.27

*Data source: DfE 2023-24 school budget submissions

The data analysis indicates that the notional SEN budget average funding per pupil for North Yorkshire is significantly lower than that of other local authorities nationally and that of other similar local authorities. The table below highlights the total 2023-24 notional SEN budget position if the North Yorkshire funding per pupil reflected national and other similar local authority rates:

North Yorkshire – Notional SEN Budget Overall Funding Levels Comparison			
	North Yorkshire	LA National	Similar LA
North Yorkshire – Total Pupil Numbers	74,365	74,365	74,365
Average Per Pupil Funding Rate	£417.80	£654.06	£572.27
Total Notional SEN Funding	£31,069,697	£48,639,172	£42,556,859
2023/24 Total North Yorkshire Notional SEN Funding	£31,069,697	£31,069,697	£31,069,697
Funding Variance	N/A	£17,569,475	£11,487,162

This analysis indicates that if the North Yorkshire notional SEN budget funding per pupil was at the same level of other local authorities nationally or other similar local authorities, the overall notional SEN budget total would be up to £17.5m higher than the current total of £31.1m.

- 4.4 The third area of analysis considers the notional SEN budget funding requirement for the numbers of pupils within the SEN support category and the number of pupils attracting element 3 top-up funding to the school through an EHCP in North Yorkshire, based on the October 2022 census data. The analysis is based on the notional SEN budget funding requirement assumptions used by the DfE of the costs of special educational provision for a pupil on SEN support being, on average, £3,500 per annum and the cost of supporting a pupil with high needs is £6,000 per annum. The analysis is detailed in the table below:

North Yorkshire – Notional SEN Budget Funding Requirement Per Mainstream Pupil		
Total Number of Pupils on SEN Support	9,889	
SEN Support Funding Requirement Per SEN Support Pupil from the Notional SEN Budget	£3,500	
SEN Support Pupils - Total Funding Requirement from the Notional SEN Budget		£34,611,500
Total Number of Pupils with an EHCP	1,834	
EHCP Funding Requirement Per EHCP Pupil from the Notional SEN Budget	£6,000	
EHCP Pupils – Total Funding Requirement from the Notional SEN Budget		£11,004,000
Total Notional SEN Budget Funding Requirement for SEN Support Pupils and EHCP Pupils		£45,615,500
Total Number of Pupils (R – Yr11) in Mainstream Schools	74,365	
Notional SEN Budget Funding Requirement Per Mainstream Pupil		£613 / Pupil

- 4.5 The analysis highlights that there is a potential funding shortfall of £14,598,803 between the funding requirement on the notional SEN budget with North Yorkshire schools (£45,615,500) and the current notional SEN budget funding calculation for North Yorkshire. It is unlikely that this funding shortfall position would meet the DfE requirements as identified in section 3.5. The potential funding shortfall equates to £196 per mainstream pupil. The national LA average (£654) and other similar LA average (£572) notional funding amounts per mainstream pupil are reflective of the North Yorkshire notional SEN budget funding requirement of £613 per mainstream pupil.

5.0 NORTH YORKSHIRE NOTIONAL SEN BUDGET FORMULA OPTIONS

- 5.1 Modelling has been undertaken to develop notional SEN budget formula options which:
- Better reflect the current notional SEN budget funding requirements within North Yorkshire at an overall level (£45.62m) and by sector - primary schools (£24.85m) and secondary schools (£20.77m)

- Aligns to the national LA average and other similar LA average notional SEN budget funding per mainstream pupil
- Aligns to the national LA and other similar LA use of funding formula factors and funding formula factor weightings
- Comply with the DfE validation check that a LA's total notional SEN budget provides schools with a certain amount per pupil identified as on SEN support, having deducted £6,000 per pupil with an EHC plan.
- Reflect the initial analysis undertaken which identifies virtually no correlation in North Yorkshire schools between the levels of overall identified SEN (pupils identified as SEN Support or pupils with an EHCP) and school size or levels of deprivation.

5.2 Three models have been developed as follows:

Model 1 – based on both population and deprivation funding formula factor weightings

Model 2 – higher weighting towards deprivation funding formula factors

Model 3 – higher weighting towards population funding formula factors

The models seek to broadly reflect the LA national funding formula factor use and weightings for the calculation of the notional SEN budget, and seek to reflect the context and diversity of the North Yorkshire operating context in respect of:

- Free School Meals (FSM) – the models do not propose the use of FSM in the notional SEN budget calculation as the DfE generally determine that this funding is for the cost of the provision of free school meals. 55 other local authorities do not use FSM in their notional SEN budget calculation.
- English as an Additional Language (EAL) – the models do not propose the use of EAL funding in the notional SEN budget calculation. 110 other local authorities do not use EAL in their notional SEN budget calculation
- Mobility – the models do propose the use of mobility funding within the notional SEN budget calculation. This has regard to the schools that receive higher levels of mobility funding generally have significant numbers of service pupils; these schools identify a correlation between pupil mobility and levels of pupil additional needs.
- Prior Attainment – the models propose the continued use of 100% of the low prior attainment funding factor. 111 other local authorities use 100% of the low prior attainment funding factor in their notional SEN budget calculation.
- Lump Sum – the models propose the use of the lump sum in the notional SEN budget calculation as this funding formula factor element equates to 10.5% (17.5% for primary schools) of the North Yorkshire school budget funding quantum. 22 local authorities use the lump funding formula factor in their notional SEN budget calculation (range 2.0% to 30%; average 9.5%).

5.3 An overview of the three models is provided in the table below, with comparison to the national LA average:

Formula Factor	LA National Average Use & Weighting	Model 1 Use & Weighting	Model 2 Use & Weighting	Model 3 Use & Weighting
Primary Basic Entitlement (AWPU)	3.32%	5.20%	4.17%	6.46%
KS3 Basic Entitlement (AWPU)	3.13%	3.50%	2.35%	4.35%
KS4 Basic Entitlement (AWPU)	3.11%	3.50%	2.35%	4.35%
FSM	25.30% (P) 25.50% (S)	0.00% (P) 0.00% (S)	0.00% (P) 0.00% (S)	0.00% (P) 0.00% (S)
FSM6	37.20% (P) 36.60% (S)	30.00% (P) 30.00% (S)	50.00% (P) 50.00% (S)	15.00% (P) 15.00% (S)
IDACI	35.87% (P) 35.67% (S)	20.00% (P) 20.00% (S)	50.00% (P) 50.00% (S)	10.00% (P) 10.00% (S)
EAL	15.53% (P) 15.55% (S)	0.00% (P) 0.00% (S)	0.00% (P) 0.00% (S)	0.00% (P) 0.00% (S)
Mobility	13.00% (P) 13.00% (S)	30.00% (P) 30.00% (S)	30.00% (P) 30.00% (S)	30.00% (P) 30.00% (S)
Prior Attainment	85.00% (P) 85.00% (S)	100.0% (P) 100.0% (S)	100.0% (P) 100.0% (S)	100.0% (P) 100.0% (S)
Lump Sum	1.80% (P) 1.70% (S)	5.20% (P) 3.50% (S)	4.17% (P) 0.00% (S)	3.23% (P) 0.00% (S)
Sparsity	0.00% (P) 0.00% (S)	0.00% (P) 0.00% (S)	0.00% (P) 0.00% (S)	0.00% (P) 0.00% (S)
Exceptional Circumstance	0.00%	0.00%	0.00%	0.00%
MPPL	3.80%	0.00%	0.00%	0.00%
MFG	1.70%	0.00%	0.00%	0.00%
Overall Notional SEN Budget Funding		£45.64m	£45.61m	£45.62m
Primary Notional SEN Budget Funding		£24.87m	£24.85m	£24.85m
Secondary Notional SEN Budget Funding		£20.77m	£20.76m	£20.77m
Notional SEN Budget Funding Per Mainstream Pupil		£613.72	£613.36	£613.52

5.4 **Appendix 1** provides graphical analysis of the variation for individual schools between their notional SEN funding requirement (based on pupils identified as SEN Support or pupils with an EHCP) and their notional SEN budget funding. Schools have been ranked based on the number of pupils with SEN (SEN Support and EHCP) on roll as a proportion of their total main school roll. The ranking is from lowest proportion of SEN pupils (ranked 1) to highest proportion of SEN pupils. The graphical analysis provides the 2023-24 variation data for comparison.

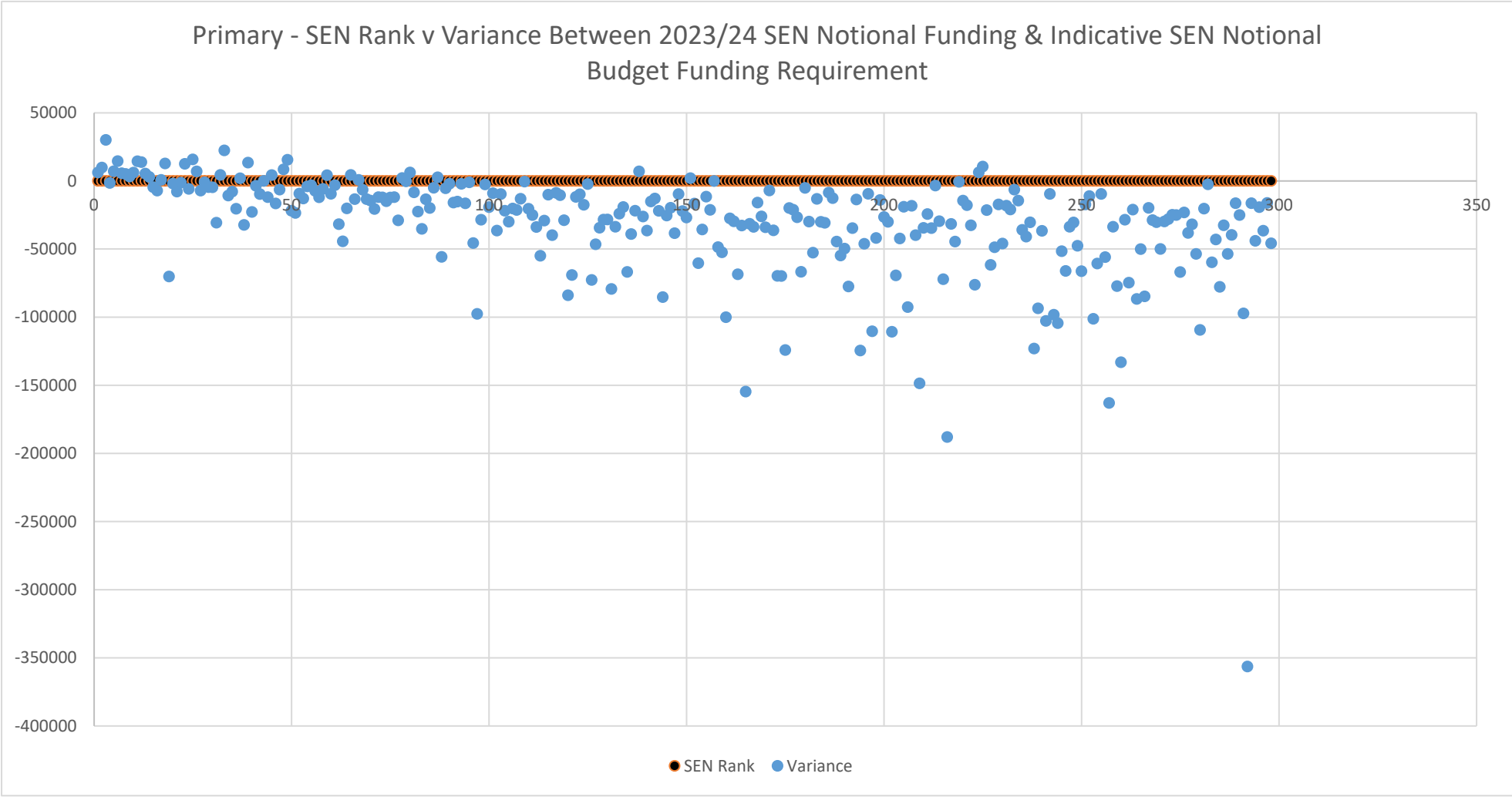
- 5.5 The analysis indicates that Model 1 (population & deprivation funding formula factor weightings) and Model 3 (higher weighting towards population funding formula factors) reduce the variation between the notional SEN budget funding and the funding requirement on the budget. Model 1 is more closely aligned to the LA national position in terms of use of funding formula factors and factor weightings in respect of the notional SEN budget. The DfE have indicated that in moving to a direct NFF, part of this process will involve standardising the calculation of the notional SEN budget nationally. In this respect, the local authority view is that Model 1 is the most appropriate option to seek school views on in terms of updating the 2024-25 notional SEN budget calculation within the North Yorkshire school funding formula.

6.0 RECOMMENDATIONS

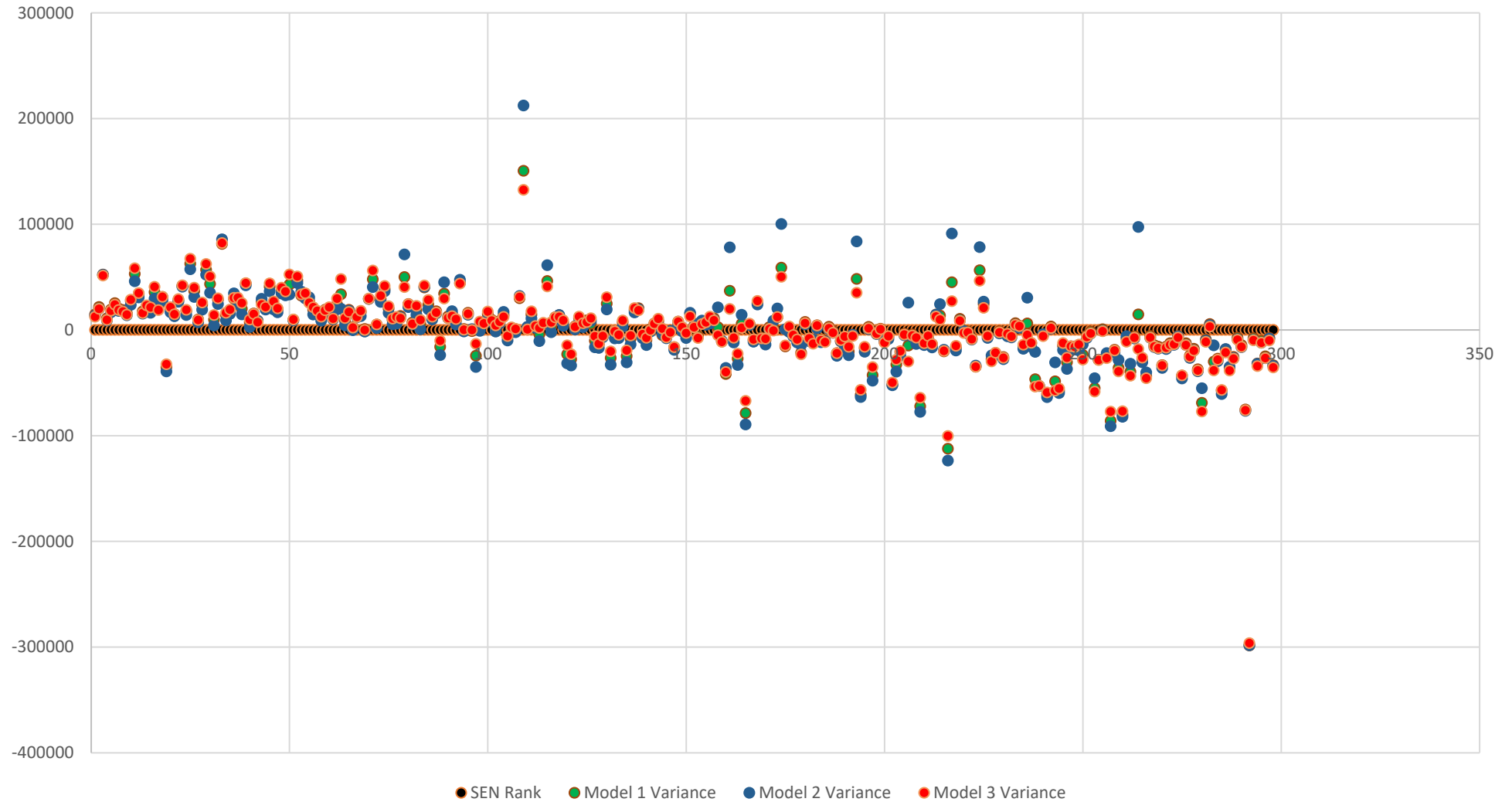
- 6.1 The Schools Forum is asked:
- a. To note and comment on the analysis that has been undertaken on the North Yorkshire notional SEN budget calculation.
 - b. To note and comment on the alternative notional SEN budget calculation models developed.
 - c. To note the proposal to seek views from schools, through the 2024-25 North Yorkshire school funding consultation, on the implementation of the Model 1 methodology for the calculation of 2024-25 school notional SEN budgets.

STUART CARLTON

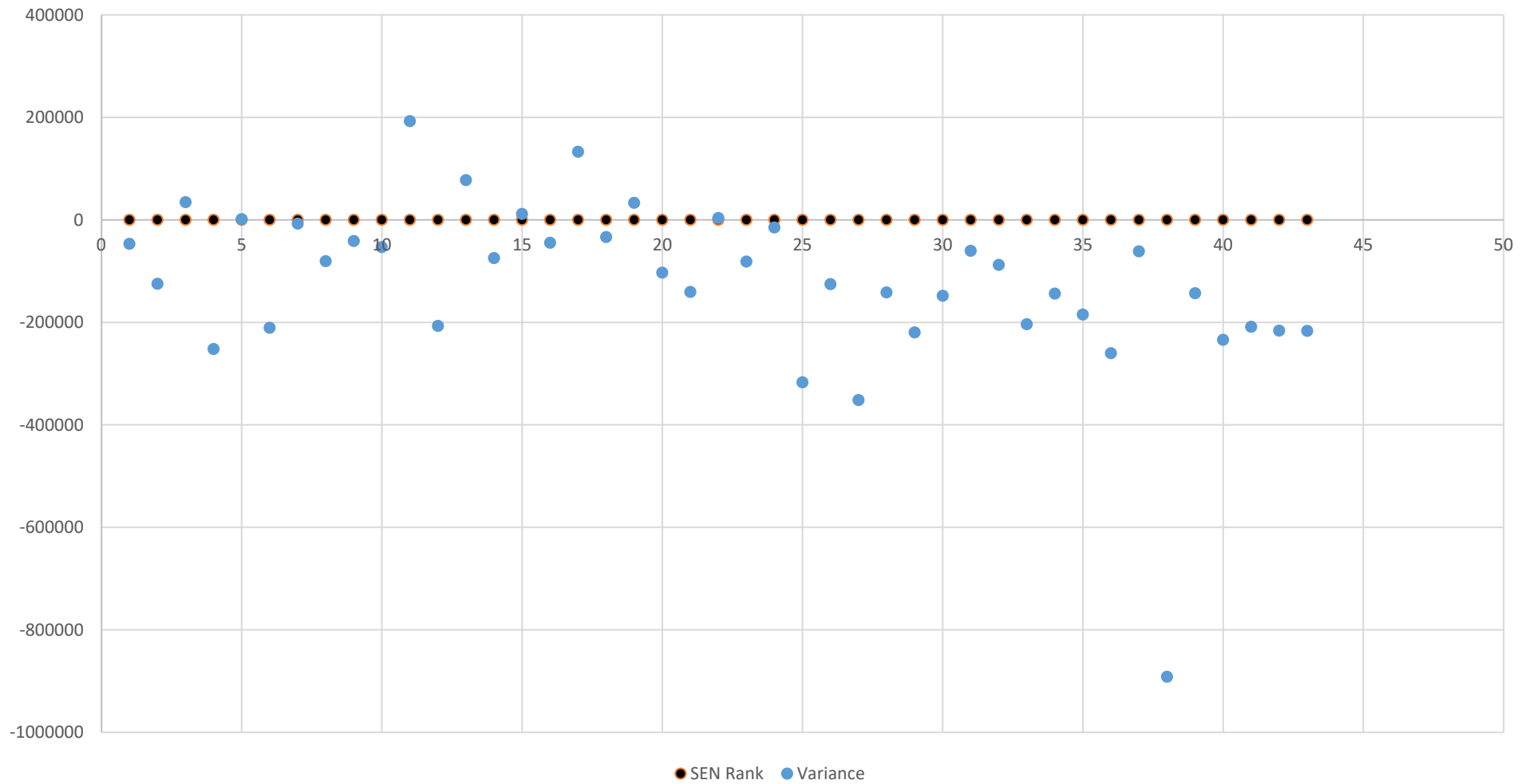
Corporate Director – Children and Young People's Service



Primary - SEN Rank v Variance Between SEN Notional Budget Funding Model & Indicative SEN Notional Budget Funding Requirement



Secondary - SEN Rank v Variance Between 2023/24 SEN Notional Budget Funding & Indication
Delegated Budget SEN Funding Requirement



Secondary - SEN Rank v Variance Between SEN Notional Budget Funding Model & Indicative SEN
Notional Budget Funding Requirement

