

Report to: Schools' Forum

Date of meeting: 11 July 2025

Report By: Carolyn Fair

Title: Notional SEND Budget Deficits

Purpose: To agree proposals to address deficits in notional SEND budgets in mainstream schools.

Recommendations:

That Schools' Forum agrees the proposed funding transfer to schools with an identified deficit in Notional SEND Budget as a result of funding the first £6k of EHCPs.

1. Background

- 1.1 All mainstream schools have, within their budget share, an element of funding known as the Notional SEND Budget'. This budget should be used towards the costs of fulfilling schools' duty to use their 'best endeavours' to secure that special educational provision for their pupils with SEN is made. 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 general annual grant.
- 1.2 The [Operational Guide for Notional Budgets](#) (OG) specifies that: *amongst other expectations set out in the SEND code of practice, mainstream schools are expected to:*
 - *meet the costs of special educational provision for pupils identified as on SEN support in accordance with the SEND code of practice*
 - *contribute towards the costs of special educational provision for pupils with high needs (most of whom have education, health and care plans (EHC plans)), up to the high needs cost threshold set by the regulations (currently £6,000 per pupil per annum). This cost threshold applies to the additional costs of provision, above the costs of the basic provision for all pupils in the school. High needs top-up funding is provided above this threshold on a per-pupil basis by the local authority that commissions or agrees the placement*
- 1.3 The OG goes on to state that: *It is important to note that the notional SEN budget is not intended to provide £6,000 for every pupil with SEN, as most such pupils' support will cost less than that. Nor is the notional SEN budget intended to provide a specific amount per pupil for those with lower additional support costs.*
- 1.4 Through discussions with individual schools, it is evident that some schools (especially small primary schools) with a disproportionate number of children with EHCPs are finding that they are unable to meet the costs of the first £6k of the cumulative costs of children placed with them. This is placing significant financial pressure on some schools and acting as a disincentive to including CYP with EHCPs in their local schools.

- 1.5 Although the HNB is not intended to offset notional SEND budgets, there is a case for addressing the challenge set out above. Firstly, there is a legal duty for the provision set out within EHCPs to be met and the funding for this comes from the HNB. Although the new top-up values do address the overall costs, they all assume schools will contribute £6k to each child's plan. Secondly, where schools are unable to make provision set out in EHCPs, this increases the risk that a child may need to be placed in a special school at greater cost.
- 1.6 Furthermore, there is an imperative to ensure that we explore every option to remove disincentives to including children with SEND in their mainstream schools and support those schools who are taking more than the average number of children with EHCPs.

2. Supporting Information

- 2.1 Under the current arrangements, where a school feels that they have insufficient resources to make provision outlined in an EHCP, the SEND Quality of Education Team will work with them around their notional SEND budget and make recommendations around addressing shortfall for individual pupils. In some cases, this will result in the school being allocated additional funding to meet statutory obligations.
- 2.2 Although there is an 'exceptions rule' around funding, the current formula attached to this means that it is very difficult for schools to qualify for extra resources. Even if they did, there is no established protocol about how additional funding should be calculated.
- 2.3 Over the last two terms, the High Needs Working Group have looked at different ways in which we could revise the current arrangements to create a fairer system for addressing any inequalities in funding. The subgroup agreed that any future arrangements should be:
- Transparent
 - Equitable
 - Based on a formula
 - Applied without the need to request
 - Promote inclusive practice
- 2.4 Initially, consideration was given to adjusting the local formula upon which the Notional SEND Budget is determined. Although this would have the impact of redistributing resources within schools, it would not bring any additional resource into schools. On balance, it was decided not to pursue this any further.
- 2.5 Through the data we collect locally, we can see the number of EHCPs by school and compare this to individual Notional SEND Budget allocations. From this, we can determine the average cost spent across different groups of schools by the first £6k of every EHCP and identify schools who are expected to spend above the phase average for their EHCP cohort. The table below shows the number of schools from each phase with a 'Notional SEND Budget deficit' and the cost of rebalancing school budgets to bring all in line with the phase average:

Phase	Average cost (for first £6k of all EHCPs)	Average % of Notional SEND Budget	Number of Schools in Deficit	Cost of rebalancing
Primary	£29,542	21%	50	£584,274
Secondary	£123,652	14%	11	£580,949
All-Through	£140,000	13%	1	£19,530

- 2.6 Although this work was originally initiated by discussions with small primary schools (i.e. those with less than 150 pupils), the High Needs Working Group decided that the recommendation should come to Schools Forum for consideration of this being applied to all schools. Appendix 1 shows a breakdown of what this would mean by school.
- 2.7 Should this be agreed, it is proposed that the number of EHCPs would be taken from the census count in January each year and that any adjustment is made in April for all schools who are eligible. Although this would mean that some schools would have a potential pressure should they admit further children with EHCPs after April, there would be no recoupment of funding for children who leave mid-year (or at the end of phase transfer).
- 2.8 So that there is absolute transparency of this process, the High Needs Working Group agree that this should be the only process through which there is redress of funding around the Notional SEND budget. Discussions around exceptional funding for the cost of provision for individual children with EHCPs would continue to be held directly between individual schools and the LA.

3 Recommendations

- 3.1 Schools' Forum is recommended to approve:
- a) A transfer of funding to primary schools whose expenditure on the first £6k of each EHCP on roll would take them above phase average;
 - b) A transfer of funding to secondary schools whose expenditure on the first £6k of each EHCP on roll would take them above phase average;
 - c) A transfer of funding to all-through schools whose expenditure on the first £6k of each EHCP on roll would take them above phase average.
- 3.2 These recommendations are made in the acknowledgement that any government reforms around SEND funding may render these null and void in future years.

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