



# HILLINGDON

LONDON

## Consultation Paper – September 2021

### 3% Threshold Mechanism Consultation 2022/23

Target audience:           Headteachers  
                                      Governing Bodies  
                                      Finance Officers  
                                      Schools Forum

Deadline for responses: 8 October 2021

Queries on this consultation paper should be directed to:

**Graham Young**  
Lead Finance Business Partner (Schools/DSG)  
Tel: 01895 277687  
e-mail: [gyoung@hillington.gov.uk](mailto:gyoung@hillington.gov.uk)

Formal responses should be made by accessing the form via the following link;

[Response form](#)

## **1. Introduction**

- 1.1 Schools Forum are consulting with schools on the proposal to make changes to the 3% threshold mechanism which allocates additional funding to those schools with a disproportionate number of pupils with an EHCP.
- 1.2 Stakeholders are welcome to comment individually on any aspect of the proposal or may wish to contribute to a sector specific response co-ordinated by Primary Forum, Hillingdon Association of Secondary Heads or other representation group.
- 1.3 The release of this paper allows for period of consultation with stakeholders with responses required to be returned by midnight on 8 October 2021. Schools Forum will then review the responses when they meet on 20 October 2021.

## 2. 3% Threshold Mechanism Funding

- 2.1 Local authorities are able to provide additional funding outside the main funding formula for mainstream schools on a consistent and fair basis where the number of pupils with SEND and/or high needs cannot be reflected adequately in the funding they receive through the local funding formula. In Hillingdon, the 3% threshold mechanism recognises those mainstream schools that have a disproportionate number of pupils with SEN. The mechanism distributes additional funding to schools where the number of pupils with an EHCP is more than 3% of the total pupil population. The additional funding, which is funded from the High Needs Block, allocates £6k for each pupil over the 3%.
- 2.2 The threshold was set in 2013/14 and when the mechanism was introduced the number of pupils with a Statement of SEN in a mainstream school was on average 2% of the total school population. Given that SEN data was indicating that the average percentage of pupils with an EHCP had increased and, according to 2019 data, was closer to 3%, Schools Forum agreed that the threshold be increased to 2.5% in 2020/21 with a further increase to 3% for 2021/22.
- 2.3 The Hillingdon Dedicated Schools Grant (DSG) is under significant funding pressure, with the cumulative deficit at the end of 2021/22 projected to be in excess of £32m. Additionally, Hillingdon is one of the local authorities that has been required to submit a deficit recovery plan demonstrating how the in-year deficit will be managed and a balanced in-year budget set. This plan has been created in partnership with Schools Forum and the hope is that if the plan can be agreed with the Education Skills Funding Agency, Hillingdon may be considered for a safety valve agreement where the cumulative DSG deficit is written off by the Department for Education. One of the options considered within the plan is a full review of the 3% threshold mechanism and therefore, consultation is needed with stakeholders on the future of this funding.
- 2.4 Benchmarking against other London local authorities indicates that Hillingdon is in the minority in having this type of funding mechanism in place. Some other local authorities did historically have a similar mechanism in place but have removed it as a consequence of high needs pressures.
- 2.5 Hillingdon has seen significant growth in the number of pupils in mainstream school with an EHCPs and each year the budget requirement for the mechanism has increased. In 2020/21 a budget of £524k was allocated for the threshold. The financial impact of the proposed changes to the threshold have been modelled and are summarised in Table 1 below;

Table 1

| Financial Year | %    | Primary | Secondary | Total |
|----------------|------|---------|-----------|-------|
|                |      | £000    | £000      | £000  |
| 2020/21        | 2.5% | 358     | 166       | 524   |
| 2021/22        | 3.0% | 162     | 114       | 276   |
| 2022/23        | 3.5% | 72      | 54        | 126   |
| 2022/23        | 4.0% | 18      | 6         | 24    |

2.6 The number of schools that would attract the threshold for each of the models is detailed in table 2 below. This is compared with the 2013/14 baseline which is the year that the mechanism was first introduced.

Table 2

| <b>Financial Year</b> | <b>%</b> | <b>Primary</b> | <b>% of Total Primary</b> | <b>Secondary</b> | <b>% of Total Secondary</b> | <b>Total</b> | <b>% of Total</b> |
|-----------------------|----------|----------------|---------------------------|------------------|-----------------------------|--------------|-------------------|
| 2013/14               | 3%       | 13             | 19%                       | 6                | 27%                         | 19           | 21%               |
| 2021/22               | 3%       | 10             | 15%                       | 4                | 18%                         | 14           | 15%               |
| 2022/23               | 3.5%     | 6              | 9%                        | 4                | 18%                         | 10           | 11%               |
| 2022/23               | 4%       | 4              | 6%                        | 1                | 5%                          | 5            | 6%                |

2.7 The following proposals in relation to the 3% Threshold mechanism funding are being consulted on:

- i) To increase the Threshold to 3.5% from April 2022 for Primary and Secondary and review again for 2023/24**
- ii) To increase the Threshold to 4% from April 2022 for Primary and Secondary and review again for 2023/24**
- iii) To remove the Threshold completely from April 2022**