

Proposal to transfer funds from Schools Block to High Needs Block for 2018-19

Background

Since the introduction of the notional DSG funding blocks in April 2013, local authorities have been allowed to move funds freely between the blocks with the approval of their local Schools Forum. The main movement has been from the Schools Block, which is the main source of funding for Primary and Secondary schools, to the High Needs block. The High Needs Block supports provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25. High Needs funding is also intended to support alternative provision for pre-16 pupils who cannot receive education in schools.

The situation over the past few years is:

	2014-15	2015-16	2016-17	2017-18 forecast
Central HN spend	£6,019,217	£6,459,666	£6,240,520	£7,190,320
School budgets	<u>£9,340,138</u>	<u>£9,930,166</u>	<u>£9,403,710</u>	<u>£9,621,105</u>
Total expenditure	£15,359,355	£16,389,832	£15,644,230	£16,811,425
HN funding received	<u>£13,886,574</u>	<u>£13,268,052</u>	<u>£13,235,000</u>	<u>£14,055,751</u>
Overspend	£1,472,781	£3,121,780	£2,409,230	£2,755,674
% overspend	10.6%	23.5%	18.2%	19.6%

How have we funded this overspend – at the start of each year we have an estimate of what the overspend on High Needs will be so we move money from the Schools Block accordingly. At the end of the year, the additional overspend is met from reserves.

Schools Block funding (excluding central schools services block)

	2014-15	2015-16	2016-17	2017-18 forecast
Grant allocation	£80,375,048	£83,284,930	£81,826,997	£82,321,802
To schools/academies	£78,972,132	£81,096,572	£80,942,662	£81,819,524
Difference	£1,402,916	£2,188,358	£884,335	£502,278

It should also be remembered that the Schools Block has also been needed to cover expected overspends in the Early Years block although this has now stopped and the Early Years block grant is covering the Early Years spend each year.

During both 2016-17 and 2017-18 we have been required to provide baseline funding to the Education Funding Agency for the four blocks of DSG funding, as the notional block amounts were not based on historic spend.

With the introduction of the National Funding Formula from April 2018 there are new regulations restricting the movement of funding from the Schools Block. We are allowed to move up to 0.5% of the Schools Block funding to the High Needs Block following consultation with schools and the approval of Schools Forum. If we wish to move more than 0.5% we must then get approval from the Secretary of State.

For 2018-19 based on the indicative Schools Block allocation of £83,008,079, the 0.5% figure that can be approved by Schools Forum is just £415,040.

Even after the movement of 0.5% we are forecasting the High Needs block to have a funding shortfall of £1.25m. We are looking at options to reduce the funding gap for 2018-19.

Budget Pressures

The numbers of pupils who receive funding from the High Needs Block has increased by 5.8% from 996 in 2014-15 to 1,054 in 2016-17. So far in 2017-18 we are funding 984 pupils from the High Needs Block and we know that number will increase during the Autumn and Spring Terms.

Due to the increase in pupil numbers and their complexity of needs, the cost of supporting their needs has increased. In the detail below, the total pupil numbers is the total of individual pupils who have at any time during the year been receiving the particular type of provision. Therefore the number of individuals can be higher than the number of places due to pupils coming into places and pupils leaving. Below are key areas of High Needs expenditure:

Special Schools including Special Academies in Halton

	2014-15	2015-16	2016-17	2017-18 to date
Total pupil numbers	318	343	359	378
Total cost	£5,429,473	£5,579,254	£5,318,730	£5,540,440
Average top-up per pupil	£10,690.17	£10,347.68	£9,160.81	£9,154.60

Special schools are funded at £10,000 per commissioned place plus top-up funding which is pupil specific. While pupil numbers have increased, we reviewed the funding level criteria during 2015-16 with the special school Head Teachers and introduced a process whereby for a pupil to be funded at anything other than the lowest level of top-up, evidence of need has to be submitted to the SEN Team to be considered against the funding criteria. This is why the average top-up per pupil has reduced during 2016-17. The average top-up for 2017-18 is very slightly down again, but whether this remains for the full year is unknown.

Independent and Non-Maintained Special Schools

	2014-15	2015-16	2016-17	2017-18 to date
Total pupil numbers	85	81	87	83
Total cost	£2,351,182	£2,444,335	£2,687,275	£2,835,088
Average cost per pupil	£27,660.96	£30,176.98	£30,888.22	£28,736.00

Requests for placements in INMSS are scrutinised before the provision begins to check if there is any available alternatives to an INMSS. The type of provision and the costs of different INMSS' is explored with a view to finding the most cost efficient appropriate provision which can meet the needs of the pupils. The use of an INMSS is the last resort as one placement for a full year can cost almost £80,000 (as at 2016-17 prices). Where a placement is made jointly with health and social care, we always identify and separate the health and social care elements so only the education element is charged to the High Needs Block. However, the INMSS providers in the North West region are aware that there is more demand than places so Halton is putting in place plans to enter into negotiations with providers before we actually need to procure a place, in order to ensure we are getting best value. We are also tightening up on attendance monitoring and outcomes.

Top-up support in Mainstream schools

	2014-15	2015-16	2016-17	2017-18 to date
Total pupil numbers	363	396	373	414
Total cost	£1,683,105	£1,950,497	£1,843,016	£1,843,014
Average cost per pupil	£4,636.65	£4,925.50	£4,941.06	£4,451.72
Total hours supported	97,741.3	113,269.3	107,027.6	107,011.4

Top-up funding is provided to schools for named pupils who require additional support and is approved following submission of evidence to panel. The funding can be through Schools Action plus, a Statement or an EHCP. They are all funded at the same rate and schools are required to fund the first £6,000 of costs for each child.

A top-up funding review is underway and will be completed by the start of 2018-19 although we are not expecting to see the full impact of the review until the following financial year.

Resource Bases

	2014-15	2015-16	2016-17	2017-18 to date
Total pupil numbers	125	117	126	136
Number of fte places	130	130	124	118
Total cost	£1,621,419	£1,615,405	£1,343,018	£1,492,820
Average top-up per pupil	£2,571.35	£2,695.77	£2,404.90	£3,770.74

The Education Funding Agency is changing the way in which resource bases are funded from April 2018 as the £10,000 per commissioned place transfers from the High Needs block to the Schools block of the Dedicated Schools Grant. The change should have no impact upon the schools but we have not yet been able to do the calculations to confirm this. We have seen the two Hearing Impaired resource bases close over the last few years and the funding has been used to support the central services aligned with those resource bases and support for the former resource base children to remain at the school until they leave the school.

PRU

	2014-15	2015-16	2016-17	2017-18 to date
Total pupil numbers	82	62	75	70
Number of places	60	60	60	60
Total cost	£1,055,283	£1,284,823	£1,346,346	£1,489,760
Average top-up per pupil	£7,015.65	£11,851.98	£9,951.28	not available yet

The PRU is funded at £10,000 per commissioned place plus top-up funding which is pupil specific. When the top-up funding levels for the PRU were set the occupancy levels were about 70% so the funding reflected this, now however, the PRU is operating at capacity. Earlier this year we put out a request to other North West authorities to find out their PRU top-up funding rates and from that have started a review of the funding levels which will be completed by April 2018. The regulations require local authorities to recover funding from schools and academies who permanently exclude pupils, and this covers all pupil-led funding factors within the funding formula plus the Pupil Premium Grant for which the pupil may be eligible.

Inter Authority Recoupment Expenditure

	2014-15	2015-16	2016-17	2017-18 to date
Total pupil numbers	23	31	34	25
Total cost	£113,606.51	£238,481.64	£294,935.11	£211,925.00
Average cost per pupil	£4,939.41	£7,692.96	£8,674.56	£8,477.00

The costs of inter authority High Needs placements have increased considerably as the number of children needing such placements have increased. We are not required to pay the per place funding as the places should have been commissioned by the relevant local authority. Therefore we only have to pay the top-up amounts. However, where schools have taken in pupils over the number of commissioned places, we must negotiate with the provider to decide on whether a per-place payment (and the amount) should be made.

Central DSG funded posts

	2014-15	2015-16	2016-17	2017-18 to date
Number of posts	16.0 fte	17.5 fte	17.0 fte	18.4 fte
Total cost	£922,975	£897,196	£898,563	£1,136,825

The above figures include the posts funded by the former ESG grant in 2017-18 but excludes vacancies.

The way forward:

In Halton we are commissioning an all age review of support for Children and Young People with SEN. One of the aims of this review is to ensure that pupils have access to the right sort of support to better suit their needs. The review will be funded from the High Needs Strategic Planning Grant.

As part of the Liverpool City Region we are also contributing towards the review of sufficiency and provision across SEND. We have also undertaken a detailed review of support for pupils with SEMH and we are in the process of reconfiguring our provision in Halton to better meet the needs of those pupils. We have already reviewed our special school allocations in 15/16 and the changes came in during 16/17. By doing so we managed to save £0.25m. However with the changes in funding the Schools and High Needs budgets from April 2018 further reductions may be required.

We also looked at the allocation of our enhanced provision and by April 2018 we will have finalised this review. The new arrangements for enhanced provision came into place in September 2017. By the end of September 2017 we will have launched our Protocol for Pupils with SEMH (including pupils with persistently challenging behaviour). Many of these pupils currently progress to exclusion. We are now also underway with work to review top-up funding levels at the PRU which will be completed by April 2018.

We have also reviewed the high needs allocation for 2017/18 to Riverside College which is our main post 16 provider. We are currently working collaboratively with the Liverpool City Region and with our Health and Community and Social Care colleagues. We have a partnership meeting that has membership from all the key partners and we actively review our expenditure and help people to understand the implications of our expenditure on SEND. We previously held a pot of money to recognise the costs to those schools that are inclusive and through their reputation take a higher percentage than other schools with SEND and therefore experience budget pressures due to the demand on their notational SEN budget. At School Forum the decision was made to cease this support as it was no longer affordable.

Approval by School Forum to permit 0.5% of the schools budget to supplement the costs of the High Needs Budget will still leave an estimated gap of £1.25 million. This funding can only be found by reducing expenditure across High Needs from April 2018. It is proposed that this gap in funding is found by making the following savings:

- Reduce the budget for enhanced provision;
- Reduce top up funding levels from early years through to post-16;
- Review and reduce top up levels in special schools;
- Review and reduce top up levels in PRU;
- Reduce the number of children and young people placed out of borough

- Negotiate better rates for children placed out of borough
- Work with schools to provide funding to support pupils locally instead of placing out of borough

What are we asking for:

We are allowed to consult with schools and ask Schools Forum for approval to move up to 0.5% of Schools Block funding to the High Needs Block as previously mentioned. To move 0.5% - roughly £415,000 – using the October 2016 census data, would be a reduction to schools of £23.48 per pupil. We cannot take the funding from any other funding factor, as per the guidance. The actual cash value for 2018-19 will only be known once the census data for October 2017 is received along with the December update of our funding allocation.

However, we understand that by doing this we are taking funding from all schools to support those who receive High Needs top-up funding. Therefore we are looking at other options, such as not asking for a transfer of funding from Schools Block to High Needs block as long as schools accept that by doing this we will have to make even further reductions to the funding we use to support pupils in schools with high needs.

What we cannot do is not transfer funding from the Schools Block to the High Needs Block and continue to pay top-up funding at the current levels.

Consultation Questions:

Do you agree to the transfer of 0.5% of Schools Block funds, to be taken from the Basic Per Pupil funding factor, to the High Needs Block for 2018-19?

Yes / No

Do you agree to not transfer any funding from the Schools Block to the High Needs Block for 2018-19 on the understanding that all top-up funding levels would have to be reduced to keep the High Needs Block within budget?

Yes / No

If you do not agree to the transfer of funds or the reduction of top-up funding levels, how else do you suggest that we fill the funding gap that we have for High Needs?

Deadline for responses:

Please respond to Anne.Jones@halton.gov.uk no later than 5.00pm on **Friday 20th October 2017** to ensure your feedback can be included in the report to Schools Forum in November.

