

Schools Forum 11th January 2018

Agenda Item: High Needs Funding 2018/19

1 Introduction

- 1.1 As outlined to the Forum in previous meetings (e.g. October 2017) the High Needs DSG budget has experienced considerable pressure in recent years. As part of the new funding arrangements being introduced by the DfE in 2018/19 the restrictions around the DSG funding blocks have changed, notably preventing any money being moved from the Schools Block to other blocks without Schools Forum (or failing that, Secretary of State) approval.

2 Proposals for 2018/19

- 2.1 Allocations of high needs funding to local authorities were published on December. T&W's allocation was £21.111m which represents a like-for-like increase of around £0.78m compared to 2017/18. One further adjustment will be made before, for any changes to import/export adjustments based on Spring Term 2018 census data (i.e. imports - pupils from other LAs in T&W provision, exports – pupils from T&W in other LA's provision)
- 2.2 We propose to supplement the high needs allocation in 2018/19 as follows:

	Amount	Forum Role
DfE allocation of high needs funding.	£21.111m	-
Transfer from early years block (2,3 and 4 year old funding)	tbc	Consultation
Transfer from central school services block	£0.237m	Consultation
Transfer from schools block	£0.550m	Decision
Total proposed high needs budget before EY transfer	£21.898m	

3 Context of Proposals

- 3.1 Pressures on high needs have been apparent for several years and were the background to previous movements of funds from the schools block, which took place as follows:

2015/16	£300,000 from schools block to high needs
2016/17	£1,279,227 from schools block to high needs
2017/18	£443,734 from schools block to high needs

- 3.2 Over this period of time DSG balances at the end of each year have diminished:

31 March 2015	£852,000
31 March 2016	£351,000
31 March 2017	£271,000

- 3.3 A substantial deficit is currently forecast at the end of March 2018.

3.4 The DfE's introduction of a national funding formula (NFF) for high needs from 2018/19 provides a means to gauge whether the previous movement of funds from the schools block reflected an unusually costly high needs budget in T&W (i.e. a specifically local issue), or reflected general pressures in the system (i.e. a national issue). If the high needs NFF produced a lower figure than T&W's base budget (after the above transfers) then this could indicate an unnecessarily high level of expenditure.

3.5 However, the provisional high needs NFF showed T&W with an illustrative increase of 2.8% over the 2017/18 baseline, 59th highest of 151 local authorities. Thus, even after the block movements illustrated above, T&W still needed a larger increase than most LAs in order for the high needs budget to reach the level of the NFF. The final allocation increased by £0.17m reflecting increasing numbers of pupils in T&W special schools as measured at the October 2017 census (see below).

3.6 There have been and are budget pressures throughout high needs, but the most significant contributors are the increasing number of pupils in special schools and a dramatic increase in the costs of post 16 provision.

3.7 Special School Pupil numbers have increased as follows:

2015/16 (Oct 15)	486
2016/17 (Oct 16)	482
2017/18 (Oct 17)	526

3.8 In addition over the same period Queensway, officially a high needs unit attached to Hadley Learning Community secondary phase, but in scale and operation, effectively a further special school, increased its pupils from 48 to 60. Furthermore a new post-16 SLD unit, Willow Tree, opened in September 2015 with 25 places, to ease pressure on places in The Bridge.

3.9 Post 16 expenditure is projected to double over three years, from around £1m in 2015/16 to a projected £2m in 2017/18. The national SEND reforms of 2014 introduced an upper age for education of 25 where this had previously been 19; this has resulted in significant additional pressures on the High Needs budget.

3.10 In summary, the increasing costs of high needs provision are attributable to:

- simple demographics (more children and young people in the area);
- increased expectations of continuing high needs provision post 16 given the use of 25 as a well publicised cut-off point and of suitable support being provided for high needs throughout the age range;
- increasing complexity of need – some driven by societal factors (e.g. the SEMH area of high needs, the impact of foetal alcohol syndrome) medical advances, etc.

4 Financial Details of the Proposed transfer of funds from the Schools Block, Early Years Block and Central School Services Block

Schools Block

4.1 In order to understand the impact of the proposal upon school funding (the Schools Block), the following information may be useful:

- The proposed top-slice from the Schools Block is £550,000;

- The increase in the Schools Block compared to 2017/18 is over £5.3m, represented by £2.5m due to an increase in pupil numbers and £2.8m due to an increase in the funding per pupil allocated to T&W. After the proposed top-slice the increase would be £4.8m.
- The top-slice would be taken by reducing the increase in pupil driven income by around £19 per pupil for primary schools and £25 per pupil for secondary schools;
- The top-slice would apply equally to maintained and academy schools
- The 0.5% limit is not cumulative – the 2019/20 schools block would be allocated by the DfE ignoring any 2018/19 top-slice. This means that in order to repeat the same top-slice the LA would again have to obtain Forum approval. A further top-slice could not be added to the 2018/19 figure. The indicative figures published by the DfE suggest a further increase of around £3m in funding for mainstream schools in T&W in 2019/20, *before* any additional growth due to increasing pupil numbers.

Early Years Block

4.2 In 2017/18, £200,000 was transferred from the early years block to the high needs block to support high needs for early years. We are considering how much will be required for 2018/19 in the context of the increasing demand for high needs support in early years, arising from:

- the extension of the free entitlement to 30 hours for children of working parents from September 2017;

- the increasing numbers of children entering the assessment nursery at the Bridge school in recent years.

4.3 The DfE have limited the amount of funds that can be transferred from the Early Years Block to other blocks, or retained by the LA. In 2017/18 93% of the Early Years block had to be allocated to providers, and in 2018/19 this rises to 95%. This limits the amount that can be allocated to high needs.

4.4 Early Years services currently funded from High Needs include the Early Years Inclusion Panel, Early Years Inclusion Mentors, Early Years LSATs, Portage and the Bridge Assessment Nursery.

4.5 The early years budget, including the contribution from the Early Years block to the High Needs block will be an agenda item for the March 2018 Schools Forum.

Central School Services Block

4.6 At the November meeting of the Forum the amount to be retained from the Central Schools Services Block (CSSB) for statutory services provided to maintained schools and academies was agreed at £845,000. As noted at the meeting, whilst this was a similar sum to the eventual unprotected allocation, it was considerably less than the expected allocation for 2018/19, due to DfE protection.

4.7 The final CSSB allocation for 2018/19 has now been issued by the DfE and amounts to £1,082,000. It is planned to utilise the remaining £237,000 to support high needs.

5 Addressing the financial challenges of high needs

5.1 The Authority is undertaking a strategic review of high need provision including a needs analysis regarding current demand. This will help in understanding future needs and planning requirements for localised specialist provision. Aims of this activity are to refresh the culture of inclusion in all mainstream settings, develop a wider continuum of provision including resource

bases that bridge the gap between mainstream and special schools and reduce reliance on high cost provision for those with the most complex needs.

- 5.2 The Authority has already reviewed and reinforced its procedures for robust 'gate-keeping' at each level of the system, including entrance and exit points and reviewing the need for continued high cost provision.
- 5.3 All support services are being reviewed to ensure their delivery is efficient. Some services (e.g. the Sensory Inclusion Service) are already delivered on a joint basis with Shropshire and have well established parental and school representative groups. Further development of common purchasing arrangements for provision from independent providers with other West Midland authorities is being explored.
- 5.4 There are a number of joint funded independent placements with social care and a recently established jointly funded transition co-ordinator for young people transitioning from high needs education to adult social care. Other ongoing joint working includes the development of education, health and care plans (EHCPs). We also have health support for pupils with significant medical needs.
- 5.5 A transparent system for allocating funding across special schools is being developed based on a common banding framework and we are looking to extend this to create a universal approach for the distribution of high need funding across mainstream, special and post 16 provision where that is appropriate.

6 Proposal

- 6.1 The Forum is asked to support the transfers to the High Needs Block for 2018/19 outlined in paragraph 2.2.
- 6.2 Forum is asked to note that the Schools Block transfer requires Forum approval in order to take place. The Central School Services transfer is for consultation only.
- 6.3 In accordance with DfE regulations, each transfer is for one year only, and any transfer, even of a lesser sum, in 2019/20 would require a new Forum vote (Schools Block) or consultation (Central School Services block).

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