

Schools Forum

11th December 2012

DRAFT - High Needs 2013/14

Introduction

1. The purpose of this paper is to share progress to date on the High Needs Funding Reform. It must be emphasised that this is very much a first effort on which comments are sought.
2. The report focuses on funding of high needs children in special schools and in specialist bases in mainstream schools and individual pupil funding in mainstream classes. All of the spend referred to in this report is funded from the Borough's ringfenced Dedicated Schools Grant. Please note that where the term school is used in this paper it also equally applies to academies.

Current Arrangements

3. Currently, pupils at each of Stockton's special schools are funded according to their main presenting need and their age. There is also currently a range of specialist bases which cater for pupils with a wide range of needs, providing for pupils with and without Statements. In the case of speech and language some are classed as subsidiary provision with the pupil remaining on the roll of their local mainstream school; none require any form of additional funding from the mainstream school on whose roll the child remains.
4. In the case of high needs pupils in secondary schools this funding is all currently delegated based on a weighted banding system. For primary children, funding is usually based on TA hours and more recently small group costs via LA centrally managed Individual pupils budget.

New Formula Funding Arrangements

5. The new formula funding mechanism necessitates changes to current arrangements for Stockton's special schools and bases. From April 2013, these settings must be funded solely on a place-plus basis, with a basic allocation of £10,000 per agreed place (or the standard teaching and learning plus £6k in a mainstream classes from the Schools Block) and a top-up based upon the needs of each individual child. The number of funded places that generate the budget share will need to be reviewed regularly, probably annually. The top-up funding

will be income and will move in real time, following the pupils on the roll of the school.

6. The new funding mechanism is based upon a commissioner/provider model. The local authority (or the Education Funding Agency in the case of special academies) will fund places at the beginning of the year, but the top-up funding will be paid directly to the setting by whichever local authority commissions the place (worked examples explaining the process are given in the DfE's paper of 26 March, which is available on their website).
7. We are mindful of the wish to minimise adverse impacts on the resource provision, expertise and skills currently existing within the borough. The paper draws out a number of issues and possible solutions to some of these challenges, within the DfE's constraints.

Progress to Date

8. The draft banding criteria, circulated as part of the Schools Funding Reform Consultation, has been developed as set out in Appendix 1. All high needs children no matter which setting they attend would be assessed against this criteria following the Government's intention to ensure that funding for high needs provision is arranged on an equivalent basis across different types of providers. SEN officers have initially mapped children into equivalent bands using existing bandings / TA hours and any other relevant information to enable the model to be costed for affordability against available resources. It is recognised that discussions will need to take place with schools / SENCO's over the appropriateness of these bandings for individual pupils as we move forward.
9. The top-up value of each place has been derived from the aggregated total current budget allocation to special schools, special units and the primary/secondary individual assigned resources budgets using existing pupil numbers, in order to provide as much financial stability to each setting. The table below shows the estimated band values:-

Band	Value £
A	0
B	1,440
C	3,840
D	6,240
E	8,640
F	18,240

CONSIDERATIONS

Residential Provision

10. Current practice has been assumed in that place numbers at Westlands reflect an additional 15 places and children also receive funding at an appropriate band value as if they were in any other setting offering only day education. However, an alternative could be to introduce specific residential band(s).

Special School Catering / New Delegation

11. As is currently the case with primary and secondary mainstream schools, the catering services must be delegated to special schools via top up funding. For the purposes of this costed exercise, the spend on catering has been added to special school budget baselines to ensure that they receive transitional protection (as described later in this paper).
12. Likewise, the following services must be delegated to Academies but can be “de-delegated” for LA maintained schools to be managed on a borough-wide basis and targeted more at need as at present. All budgets within the High Needs Block will need to be either part of the retained budgets managed by the Local Authority in its role as Commissioner or delegated to special schools through the Top-Up funding:-
- a. Support for Schools in difficulty
 - b. Contingencies
 - c. Behaviour Support Services
 - d. Free School Meals eligibility
 - e. Licences / subscriptions
13. The Forum made in principle decisions to de-delegate for Primary and Secondary Schools. The total spend on these services across the three special schools is approx £15k. Views are sought on the approach for special schools.

Special Units / Support bases currently funded at less than £10k per place

14. It has been assumed that these bases will be funded at £10,000 per place. However, an alternative being adopted by another LA is that where the current allowance is less than £10k, fewer places will be funded at the £10k, in order to generate the same value for the base. This would mean that, say for example, instead of 10 places funded at £7k, we would fund 7 places at £10k but the base would still admit 10 children. If this approach was adopted it would enable, in the short term, the transfer of approx £380k from additional funding for support bases to increase the value of top up funding and thus band values. Views are sought on such an approach.

Groups

15. In the last year or so more innovative and value for money solutions involving group work in primary schools has been developed. We are aware that there is some evidence such approaches can produce good outcomes for pupils. Ordinarily these children may singly have been classified as high need. However, the support these children receive under this model means that they don't qualify under the new banding arrangements. Primary schools are currently receiving group funding of over £300k and arguably part of this is contributing to the current overspend position. Views are therefore sought on the following options:-
- a. Baseline as existing costs in the budget share formula.
 - b. Put in an additional £6K for each child in the baseline budget share formula.
 - c. Undertake a rebanding exercise with all school who have group funding and band each pupil.
 - d. Cease funding for this group work.
16. With the possible exception of option c the assumption is that these are not high needs children and should not be funded from the high needs block.
17. There will be no additional funding and the Individual Pupils budget in the current year is already overspending by approx. £460k. To accommodate and fund option a, b or c above there would have to be a top slice from the primary schools budget shares. Alternatively, the £1.3m currently added to primary schools baselines adjusted for the group costs and scaled back proportionately across schools to equate to £1.3m. Option d would be a no cost option. Option c would require time to be allocated to this piece of work and schools may not have the information they require in time to plan staffing/carry out any necessary HR procedures. Views of members are sought.

New Designation as a Support Base

18. An outcome of the SEN review was an action that to ensure that resource and support bases reflect need and demand. This piece of work will conclude in 2013 and will therefore impact on allocations in 2014/15. However, in the immediate term the provision at Our Lady and St Bede Secondary Schools operates as a support base for children with autism but it is not currently funded as such.
19. The proposal is to use existing funding paid to the school via the funding currently delegated based on a weighted banding system to secondary schools. This would require a further transfer of funds from the Schools to the High Needs Block. The school will not be financially disadvantaged, in line with the minimum funding guarantee

Outreach

20. Ash Trees Special School provides local support and outreach services to primary schools at a cost of approx £16k. Under the new funding arrangements, it is proposed that Stockton will fund such provision separately from places in the setting and will commission from the school through a Service Level Agreement.

SEN Equipment

21. At present, the LA manages a budget for equipment held within the individual pupils budget. It is proposed that a budget continues to be maintained of approx £50k for significant one off specialist SEN equipment usually for pupils with physical needs. The budget would also be used for ICT related assessments in mainstream settings in exceptional circumstances. This would not cover ICT equipment which is funded via the bands.

Budgetary Pressures / In year Growth

22. The existing primary individual pupils budget is anticipated to overspend by £460k in the current year. There are also pressures on the agency placements budget of £400k in the current year. This is not a sustainable position going forward as there will not be additional funding. Negotiations are on-going in relation to an external provider to help achieve improved value for money across out of borough education and social care external placements

23. We must also bear in mind that any increase in demand on High Need pupil funding will only result in more funding being top sliced in future from school budgets. Particularly, as the level of primary individual pupil delegation rises, schools will be expected to manage more of the costs that arise as the responsibility is effectively passing from LA's to schools.

24. In order to manage the banding system and the budgets there will need to be a clear and robust panel system for considering requests for top up funding. This will require changes to the current moderating panel procedures and schools will be consulted on this

25. There will need to continue to be communication and discussions with schools as proposals are developed. Proposals need to take into account the whole picture of SEN and disability, including the level and pattern of need, and new ways of managing the increasing levels of demand for specialist provision. For the purposes of the costing exercise £456k has been set aside for newly identified high needs children and for banding increases following review during the year.

Transitional Protection Arrangements

26. The DfE is conscious that these new arrangements will lead to different levels of funding for settings from those that are currently in place, and is implementing a protection regime whereby during 2013/14 no special school / special unit will lose more than 1.5% of its current funding per pupil / place. This will be calculated so that the total level of top-up funding provided to these settings by the maintaining local authority (or former maintaining local authority in the case of specialist academies) would be such that, were all high needs pupils in that setting placed by that local authority, the special school's total funding for 2013/14 would not be more than 1.5% below the funding that the school had received in 2012/13.
27. However, special schools/ special units need to be aware that, unlike the schools block MFG for mainstream schools, this protection mechanism will remain in place for one year only and the DfE intends to move fully to the new funding mechanism in April 2014. The DfE has also indicated a long-term aim to remove place-led funding and to move completely to pupil-led funding.

Alternative Provision

28. As part of the School Funding Reform the DfE has deemed that with effect from April 2013 Pupil Referral Units will be given delegated powers and delegated budgets for the statutory element of their work.
29. This will be based on the Local Authority / Commissioner purchasing the appropriate number of places which will be funded at a nationally set rate of £8,000 per full-time-equivalent place plus an element of top-up funding which would be determined at a local level.
30. There are significant reforms to take place relating to Pupil Referral Units following the publication of the Charlie Taylor Report. For example, a national exclusion trial which sees excluded children being placed in PRU's by schools rather than LA's is being conducted. The first evaluation report of the Trial will not be available until February 2013 and dependent on the findings, the DfE will begin to explore transferring, through legislation, the responsibility (and funding) for excluded pupils to schools. Given the level of changes throughout the system there has been concern from Headteachers that further funding changes to the PRU at this time will impact on it's ability to manage increasing numbers of children with challenging behaviour, particularly when full details of the Governments plans are not yet known and the outcome of the trials are yet to be published.
31. It is proposed that children in the PRU are banded according to the criteria in Appendix 1. For the reasons above it is the intention to fund the PRU at current levels for 2013/14 and review the funding arrangements during the year in the light of expected further statutory changes.

32. Headteachers through the Campus Stockton Board are currently reviewing the behaviour strategy agreed previously by Secondary Heads. This review will be conducted in line with these policy and funding changes.

Financial Analysis

33. Appendix 2 set out the initial analysis of numbers of children across bands in each school and associated funding. The calculation of the transitional protection included in the analysis is yet to be clarified with the DfE. A list of caveats is included at the foot on the appendix.

Further Consultation / Next Steps

34. It is proposed that this paper, with amendments agreed by the Schools Forum, is distributed to all schools and academies in the Borough for information and comments early in January. These could be fed into the next Schools Forum.

Recommendations

35. The Schools Forum is asked for views on the report and the next steps in taking it forward.

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