



Haringey Council

For Decision

7

1.1 The Children and Young People's Service

1.2 Report to Haringey Schools Forum – 28 February 2013

Report Title: High Needs Block Budget Strategy 2013-14

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Purpose:

To consider the issues affecting High Needs, and the budget strategy for the High Needs Block of the Dedicated Schools Grant (DSG) in 2013-14.

Recommendations:

- (i) The Forum is asked to note the restatement of the 2012-13 High Needs block and revised baseline (Para 3.2)
- (ii) The Forum is asked to note the indicative High Needs block income 2013-14 of £29.840m. (Para 4.1)
- (iii) The Forum is asked to approve the budget proposals for 2013-14 (Para 5.2 – Para 5.12)
- (iv) The Forum is asked to approve the establishment and membership of a High Needs Working Group to work with officers and make recommendations to future meetings of the Forum (Para 2.19)
- (v) The Forum is asked to note the continuing uncertainty regarding responsibility and funding for post 16 high needs pupils and students (Para 5.12).

1. Background and Introduction.

- 1.1. This report sets out the budget arrangements for provision for pupils with high levels of need in 2013-14. This includes funding for commissioning and top-ups in mainstream schools, resource units, special schools, alternative provision and independent schools, as well as support services.
- 1.2. The High Needs Block is one of three blocks within the Dedicated Schools Grant (DSG), the ring-fenced government grant that must be used in support of the Dedicated Schools Budget (DSB).
- 1.3. The funding provided through the High Needs block (HNB) is used to make provision for those pupils and students aged up to 25 with high needs.
- 1.4. The new arrangements resulting from the implementation of School Funding Reform are being implemented within a challenging timescale for the financial year 2013-14 and include significant change to High Needs provision and funding.
- 1.5. In addition, with effect from 1 September 2013, the statutory responsibility to meet the education needs of post 16 pupils transfers to Haringey.

2. High Needs Issues

Background and Context

- 2.1. The Green Paper on special educational needs and disability (SEND), *Support and Aspiration*, and Charlie Taylor's report, *Improving Alternative Provision*, have set out an ambitious reform agenda for raising aspirations and improving the attainment of pupils who require additional specialist educational provision. Central to the reform is the intention to develop an integrated approach to assessment for children and young people with SEND and to introduce an integrated education, care and health plan for them. These reforms aim to encourage the development of high-quality and innovative provision, to improve transparency and, particularly in relation to SEND, to empower young people and their families, as well as increasing choice through promoting the use of a wide range of providers including those from the voluntary and community sector. It is a system which will apply to children and young people, from birth to 25. From 2014, SEN statements and separate learning difficulty assessments, for older young people, will be replaced with a single, birth to 25 years assessment process and education, health and care single plan.
- 2.2. To underpin this, the Department for Education (DfE) is requiring local authorities to implement a set of funding arrangements for pupils and students with high needs that is responsive to the needs of individual pupils and students. Under the reformed arrangements, financial resources will follow the pupil / student and this will be supported by clear information in the form of a local offer about the high needs

provision available in all schools and colleges, as well as through Haringey and other providers.

- 2.3. From 2014, parents will be given a new, legal right to a personal budget to buy in specialist special educational needs (SEN) and care services for their children.

School Funding Reform

- 2.4. As a result of school funding reform, all high needs pupils will be funded through a place-plus methodology from April 2013, with the exception of pupils in academies and post 16 students where the changes come in from the autumn term (September).
- 2.5. The funding reform has also introduced, within the Schools Block, a Notional SEN Budget. The Haringey notional SEN budget is made up of an element of deprivation (both free school meals and Index of Child Deprivation) and lump sum funding and all of the low attainment funding. Through this budget, base funding is provided to schools in their delegated budget to meet the first £6,000 of additional support for high needs pupil. In addition, schools also receive funding for core education of each pupil, so that the school has a delegated budget of approximately £10,000. Schools Forum reviewed the operation of the Notional SEN budget and has already approved a contingency fund (£0.5m) and criteria to support schools. A copy of the extract from a previous report is attached at Appendix A.
- 2.6. The DfE has recommended that a banding system is adopted for the allocation of the top up element for children and young people with high needs. Currently, special schools are funded using a planned place formula and receive a budget based on three funding bands as determined by an agreed set of descriptors. In the future places in all specialist provision will receive a base level of funding at £10,000 per place. Top-up funding in the new system will be provided on a per-pupil basis by the commissioning local authority.
- 2.7. Following discussions with Head teachers of Special Schools, we will maintain the current banding system for the top up element for 2013 -14 and will develop revised descriptors and a banding framework from April 2014. The top-up for each school will be a combination of the band related top-up and a school specific per pupil top-up. Subject to pupil numbers, this will ensure stability for the first year of implementation of this significant funding reform. We will also be able to carry out this detailed work in a considered manner with a Working Group of Schools Forum, subject to approval of the recommendation in paragraph 2.19. This timescale will also enable the new banding framework to be aligned to the introduction of the Local Offer and Single Education, Health and Care Plan from 2014. The opportunity will also be taken to align the banding framework so that it will also apply to alternative provision.
- 2.8. We are aware that implementation of the new arrangements whereby schools will be responsible for recovering top-ups from both Haringey and other local authorities on a real-time basis will be challenging. This will be a particular issue for Blanche Neville Special School where 45 (63%) pupils come from 11 different local authorities. As a result, we intend to engage temporary support for 2013-14 only so that we can

support special schools and resourced provision to implement robust processes to manage under place-plus.

Post 16

- 2.9. Local authorities will take on greater responsibility for funding post 16 provision for high needs pupils and students from the start of the academic year 2013/14. This will involve new responsibilities for students (previously 14-19 Partnership) and Haringey will need to work with providers, other local authorities that commission provision from the same providers and the Education Funding Agency (EFA) to calculate appropriate future levels of top-up funding. The EFA will commission and fund places for post 16 students and local authorities will take on responsibility for funding the appropriate levels of top-up.
- 2.10. Furthermore, as local authorities become more active commissioners of post-16 high needs education provision, authorities will also need to review existing systems and processes for arranging post-16 provision for high needs pupils and students, including through discussions with providers, other local authority commissioners and the EFA.
- 2.11. This is complex, and labour-intensive work is already underway. Regrettably, there is still considerable uncertainty around the management of the processes and funding transfer from the EFA to local authorities. This uncertainty results in considerable risk to the DSB in 2013-14 so it will be vital that numbers of students, top-ups and funding are closely monitored during the year.

Growth and Pressures

- 2.12. Haringey's Inclusion Policy aims to educate children and young people with additional and special educational needs as close to home as possible. This is achieved for the majority of the children with statements who attend Haringey mainstream, special schools and resourced provision. Appendix B illustrates the success of this policy which delivers better outcomes for the pupils in a cost-effective manner.
- 2.13. There are currently 116 children and young people in independent day and residential schools, with a steady reduction in the numbers in expensive residential placements. Additional places provided through the Inclusive Learning Campuses have all been allocated and both the Brook and Riverside Special Schools will be full from September 2013.
- 2.14. In September 2013, 15 of the 25 additional places established in the resourced provision have already been allocated. The admissions to Riverside and Heartlands have enabled four young people to return to Haringey from independent schools. However, pressure on places continues as a result of:
 - Increase in child population in Haringey;
 - Increase in the number of children and young people with complex needs, in particular children with autism;
 - Mismatch between places available and the child's needs, age, parental preference;
 - Increase in number of children with complex needs moving in borough;
 - Increase in number of requests from mainstream schools for places in special schools at Key Stages 2 -4;

- Parental preferences for two independent schools based in the borough; and
 - Reducing number of places in other Local Authorities provision as all boroughs experience these pressures.
- 2.15. Haringey is a member of the North London Strategic Alliance (NLSA), comprising Islington, Camden, Enfield, Hackney and Barnet. Work is underway to share approaches to the implementation of the funding reforms and to develop a protocol for cross-borough placements in mainstream and special provision. Currently the cost of planned places in special schools in the NLSA is similar to those costs charged by Haringey to other LAs. However indications are that some members are considering charging much higher top-up elements in their special schools. Final costs are as yet unknown. This is clearly a risk and, if this materialises, will cause pressure within the High Needs Budget.
- 2.16. The education finance settlement issued on 19 December 2012 did not provide any additional funding for the high needs block. Growth provision was made for those authorities identifying additional planned places in 2013-14 during the recent baseline process. No net additional places were planned in Haringey. The consultation paper, reported elsewhere on this agenda, is seeking views on how to manage growth in high needs for future years. We are working on the assumption that growth will have to be managed within existing resources.

Alternative Provision

- 2.17. There are four strands to alternative provision in Haringey; namely Simmons House (hospital), Tuition Service, PSC Primary and PSC Secondary. With effect from 1 April 2013, we are required to establish a Management Committee and delegate budgets and other responsibilities to the Committee. The Interim Executive Group has discussed these requirements and is planning a reconfiguration of alternative provision in Haringey in order to meet these requirements. A project plan will be presented to the next IEG meeting and a workshop with Secondary Heads has been arranged for 12 March.
- 2.18. The objectives of the reconfiguration are primarily to ensure the best outcomes for pupils, whilst also supporting schools needs, clarifying commissioning and provider roles and meeting statutory responsibilities. Schools Forum will be updated on progress with the reconfiguration as it progresses.

High Needs Working Group

- 2.19. Given the issues identified above and the need to ensure provision and services meet the needs of pupils, students and schools, we are recommending that Schools Forum appoint a High Needs Working Group. Draft terms of reference are attached at Appendix C. The objectives of the group will be to advise officers on high needs issues and review funding allocations within the High Needs block to ensure that funding meets needs and supports both the Inclusion Strategy and the proposed legislation arising from the Green Paper, *Support and Aspiration*.

3. Schools Funding Reform and Revised Baseline 2012-13

- 3.1. As previously reported, the new funding arrangements have impacted on the way that the DSG funding comes into Haringey, which from April 2013 will be through three blocks (Schools Block, High Needs Block and Early Years Block). In order to implement the new arrangements, it was necessary to rebase the 2012-13 DSB over the three new blocks, make a number of technical adjustments and determine baselines for each of the new blocks.
- 3.2. The following table is a summary of the 2012-13 High Needs Block (HNB) income and expenditure budgets.

| High Needs Block 2012-13 Baselines | | | |
|---|--------------|---------------------------|--------------|
| Income | | Expenditure | |
| | £'000 | | £'000 |
| Gross DSG | 28,850 | Individual School Budgets | 19,145 |
| Area Cost Adjustment | 1,109 | Transfer to Schools Block | -3,600 |
| Hospital Top-slice | -365 | Centrally managed budgets | 13,305 |
| Other adjustments | 7 | | |
| | | | |
| EYB Baseline | 29,601 | EYB Expenditure | 28,850 |
| | | | |
| | | Headroom | 751 |
| | | (£1.109-£0.365+£0.007) | |

- 3.3. The revised 2012-13 baseline is then used by DfE to distribute DSG funding for 2013-14.

4. 2013-14 High Needs Block Funding

- 4.1. The following table is a summary of the 2013-14 HNB projected income and expenditure

| High Needs Block 2013-14 Projection | | | |
|--|---------------|--|---------------|
| Income | | Expenditure | |
| | £'000 | | £'000 |
| Gross notional DSG | 29,601 | Special school provision | 10,327 |
| Hospital Provision | 221 | Independent placements | 6,177 |
| Initial 16+ Adjustment | 98 | Special unit provision | 1,409 |
| 8 Academy places | -80 | Mainstream top-ups | 3,712 |
| | | Alternative provision | 3,169 |
| | | SEN in Nursery Schools | 286 |
| | | SEN Support Services & provision for pupils with SEN | 2,187 |
| | | Other HN services | 2,073 |
| | | HN Contingency | 500 |
| HNB Projected Income | 29,840 | HNB Proposed Budget | 29,840 |
| | | | |

- 4.2. The projected income for the High Needs block is all provided through the DSG. Unlike the Schools and Early Years Block, the High Needs

Block is a cash sum. The education settlement on 19 December confirmed the Gross Notional DSG (£29.601m) based on the 2012-13 baseline. An additional £98k was added as an initial post-16 adjustment. In addition, we have now had confirmation from the DfE that an additional £221k will be provided to fund hospital provision.

- 4.3. Under place-plus, Academy places (in special schools, special units or alternative provision) will be funded directly by the Education Funding Agency (EFA). The 8 places currently commissioned at Harris Primary Academy - Coleraine Park will in future be funded directly by the EFA. We will continue to be responsible for the top-ups for any Haringey pupils filling these places.
- 4.4. With effect from 1 September 2013, Haringey will have a legal responsibility to fund the top up for post 16 pupils and students with statements of special educational need. Currently, we receive funding through the EFA for post 16 pupils (that is, those in our maintained schools) only and fund provision for these pupils. From September, we will take on a new responsibility for all post 16 SEN students up to the age of 25. Nationally and locally, work has been progressing since last March to identify pupil numbers and funding transfers to each local authority. Despite this work, which we have contributed to, we are still unclear as to the post-16 numbers and available funding. This is a significant risk. Although we believe that it is appropriate to assume that the transfer of responsibility will be matched by a transfer of funding, and have incorporated this assumption in our proposals, officers will monitor developments closely.
- 4.5. Based on the information currently available, the projected HNB income for 2013-14 is £29.84m.

5. 2013-14 Proposed High Needs Block Budget

- 5.1. As stated in paragraph 4.5, the projected income for the High Needs Block for 2013-14 is £29.84m.
- 5.2. We propose that stability of budgets is maintained during 2013-14 as we implement the place-plus methodology and the implications for high needs of funding reform become clearer. The implementation of place-plus is challenging for the LA, schools and other providers who all have to adjust their processes and systems to meet new requirements.
- 5.3. The following table identifies the pre-16 provision that is being commissioned in 2013-14:

| Provider | Commissioned Places |
|---------------------------------|----------------------------|
| | |
| Resource Units | |
| Harris Academy - Coleraine Park | 8 |
| The Mulberry | 18 |
| West Green | 8 |
| Heartlands (part year) | 11.2 |
| Alternative Provision | |
| The Octagon (PSC-P & PSC-S) | 42 |

| | |
|------------------------|-------|
| Tuition Service | 55 |
| Special Schools | |
| Blanche Neville | 73 |
| Vale | 96 |
| The Brook | 100 |
| Riverside | 113.8 |

Special School Provision

- 5.4. We plan to commission 382.8 (full year equivalent) places in our 4 special schools and these schools will receive £10,000 for each of these places. Pupils will be placed by the SEN Panel in Special schools in Haringey and other local authorities to meet their specific needs. The special school in which the pupil is placed will, in addition to the £10,000 place funding, receive a top-up for each pupil on roll depending on the agreed banding of the pupil and the top-up rate of the school. Based on current numbers of pupils in special schools we project that a total budget of £10.327m will be required in 2013-14, comprising places £3.825m and top-ups £6.502m.

Independent Placements

- 5.5. We project that, based on the current numbers of pupils in independent schools, a budget of £6.177m will be required in 2013-14. This includes provision for top up for post 16 high needs students, £0.818m, as identified by the EFA.

Resourced Provision

- 5.6. A number of primary and secondary schools have established resourced provision for pupils with additional needs which can be met without the need for special or independent school placements. We plan to commissioned 37.2 (full year equivalent and excluding EFA Academy funded places) places in schools and these schools will receive £10,000 for each of these places. Pupils will be placed by the SEN Panel in resourced provision in Haringey and other local authorities to meet their specific needs. The school in which the pupil is placed will, in addition to the £10,000 place funding, receive a top-up for each pupil on roll depending on the agreed banding of the pupil and the top-up rate of the school. Based on current numbers of pupils in resourced units we project that a total budget of £1.409m will be required in 2013-14, comprising places £0.372m, top-ups £0.617m and Haringey 6th Form Centre summer term SEN payments of £0.500m.

Mainstream Top-ups

- 5.7. Members of Schools Forum will recall that, as part of the implementation of Schools Block reform, funding has been delegated to schools through the formula to enable them to meet additional needs of individual pupils up to £6,000. The school will, in addition to their formula funding, receive a top-up for each pupil on roll with additional needs in excess of £6,000 depending on the agreed banding of the pupil. Based on current numbers of pupils with statements in mainstream schools and academies, we project that a total budget of £3.712m will be required in 2013-14 for top-ups.

Alternative provision.

- 5.8. The current Alternative Provision and planned reconfiguration is outlined in paragraph 2.17 and 2.18. Whilst this reconfiguration is in progress, we are recommending that the budget is retained at 2012-13 level, £3.169m. As part of the reconfiguration, it will also be necessary to clarify a commissioning budget and a provider budgets.
SEN Support Services & provision for pupils with SEN
- 5.9. We are proposing to maintain stability for these budgets in 2013-14. Subject to Schools Forum approval to a High Needs Working Group, we plan to review these budgets with the Working Group in order to inform future budget allocations.
Other HN services
- 5.10. We are proposing to maintain stability for these budgets in 2013-14. Subject to Schools Forum approval to a High Needs Working Group, we plan to review these budgets with the Working Group in order to inform future budget allocations.
High Needs Contingency
- 5.11. A contingency of £0.5m has been set aside to fund schools who meet the criteria approved by Schools Forum (paragraph 2.5).
- 5.12. As this is year 1 of the new funding arrangements, there is still a high level of uncertainty and risk attached to the proposed High Needs Budget. There is clear uncertainty around two specific issues, namely (i) post 16 transfer and (ii) growth in the numbers of pupils with high needs. It is always prudent to hold a contingency in these circumstances. At this point in time, there is no contingency for growth in pupil numbers. We will continue to review the projections and propose that any additional funding identified is set aside as a contingency.

6. Conclusion and Next Steps

- 6.1. These significant changes have to be implemented in a relatively short timescale at the same time as the implementation of other funding reform changes. The continuing level of uncertainty is a significant risk to be considered when considering the budget proposals. The key risks are the continuing uncertainty around post 16 responsibilities and funding and the capacity to meet growth in high need numbers. The key risks for schools are managing additional provision within the £6,000 notional SEN allocation, managing top-ups and communication with parents, carers and commissioners. Special schools and resourced units will also have to manage the risk that available places may not be filled.
- 6.2. There is still a significant amount of work required to fully implement the funding reform, including developing commissioner and provider arrangements. We believe this implementation can be best achieved through collaborative working.
- 6.3. If approved, a High Needs Working Group to work through the issues with officers to ensure that funding meets needs and supports the Inclusion Strategy, would report back to Schools Forum with recommendations to inform budget proposals for 2014-15.

- 6.4. As identified in the report, it is vital that post 16 and growth are monitored closely during 2013-14 in order to manage the risks and ensure that appropriate action is taken.

Background documents

School funding reform: Arrangements for 2013-14
DfE

School funding reform: Next steps towards a fairer system, March 2012,
Department for Education

High needs funding reform: Next steps towards a fairer system Ben Bryant
DfE benjamin.bryant@education.gsi.gov.uk

Support and Aspiration: A new approach to special educational needs and
disability: Progress and next steps,

<https://www.education.gov.uk/publications/standard/publicationDetail/Page1/DFE-00046-2012>

The Taylor review of alternative provision: Improving alternative provision,
<http://www.education.gov.uk/schools/pupilsupport/behaviour/a00204776/taylor-review-of-alternative-provision>

www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/a00205567

Appendix A

Extract from Schools Forum Report – 6 December 2012

At its meeting of 11th October 2012, the Forum supported the proposal to create a contingency of £0.5m within the High Needs Block to support schools with disproportionately high numbers of statemented pupils compared with funding for deprivation and low prior attainment. We propose that, other than in exceptional cases, the contingency will be allocated late in the autumn term following the movement of pupils in September. This contingency supports schools with relatively high levels of statemented pupils but lower formula allocations through the deprivation or AEN factors.

The contingency will be allocated to schools where the ratio of Element Two funding (£6,000) to that received through deprivation and AEN funding is more than the standard deviation for all schools in that phase. For schools that meet this criterion the contingency will be allocated using the difference between the Element 2 ratio and the standard deviation multiplied by the school roll and a phase weighting of 2 (for primary schools only). The maximum any school can receive is capped at £6,000 per statemented pupil. An exemplification of this approach was set out in an Appendix.