



Haringey Council

The Children and Young People's Service

Report to Haringey Schools Forum – 16th January 2014

**Agenda Item
8**

Report Status

For information/note
For consultation & views
For decision

Report Title: High Needs Block.

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Purpose:

**To inform members of the pressure on the High Needs Block in 2013-14.
To inform members of the indicative High Needs Funding for 2014-15
and the proposed High Needs Block for 2014-15.**

Recommendations:

- 1. That the DSG roll forward set aside as a contingency for the High Needs Block in 2013-14 is used to off-set the projected overspend on this block.**
- 2. That the balance of the DSG roll forward is carried forward into 2014-15 to support the HNB budget for that year.**
- 3. That the centrally retained Capital Expenditure from Revenue Account (CERA) of £489k is permanently transferred from the Schools Block into the HNB from 1 April 2014 to offset pressures in the stated top-up budget.**
- 4. That the balance of the projected shortfall in 2014-15, £288k, is deducted from the £3.6m delegated to schools in 2013-14 to provide for the top-up requirement.**

1. Introduction.

- 1.1. Members will be aware of the significant changes introduced in the Dedicated Schools Budget in 2013-14. Among them was the creation of the High Needs Block (HNB), as part of the Dedicated Schools Grant (DSG).
- 1.2. Changes were introduced in 2013-14 in the way special schools, special units and alternative providers are funded, replacing comprehensive planned place funding with a 'Place Plus' approach. This provides a fixed amount of delegated funding per place plus a 'top-up' paid by a commissioner when placing pupils. This approach, with its direct relationship between commissioner and provider removed the need for the former process of 'recoupment'¹.
- 1.3. The HNB also took on responsibility for the funding of 19-25 year olds with Special Educational Needs (SEN) in institutions of further education.
- 1.4. One of the most significant changes was in the area of statemented funding.
 - 1.4.1. In prior years the additional cost of providing for statements above a threshold of 15 hours support came from central funds.
 - 1.4.2. Under the new approach to high needs funding. mainstream providers (schools, Academies, FE colleges) are expected to contribute the first £6,000 of the additional educational support provision for high needs pupils and students from their notional SEN budget (pre-16) or a specific additional education support allocation of £6,000 for each high needs student on roll during the last academic year (post-16) – this is over and above the costs of per-pupil or per-student teaching and learning provided by the educating institution;
 - 1.4.3. Top-up funding above these levels for high needs pupils and students will be provided on a per-pupil basis by the commissioner placing the pupil – this will be agreed between the commissioner and educating institution and set out in the child's statement of special educational needs.
 - 1.4.4. In preparation for the change and the new responsibilities for schools the Forum agreed to transfer money from the High Needs to the Schools Block for delegation to schools. The transfer was based on the number of pupils with statements in schools at a point in time multiplied by £6,000; the figure produced was £4.1m.
 - 1.4.5. It was not possible to target the increased delegation to take account of the number of statements in each school as the delegation could

¹ The process whereby a local authority would receive funding for other local authority pupils with SEN in its schools and pay other local authorities for educating any pupils with SEN for which it was responsible.

only be through the funding formula and not more finely targeted². To help those schools with a disproportionate number of statements the Forum agreed that £3.6m would be delegated and the remaining £0.5m retained as a contingency to support those schools.

- 1.4.6. The delegation of this funding has put schools in a better position to meet their statutory duty but has reduced resilience within the HNB. Experience in the first year shows the pressures faced in the HNB arising from the changes and there needs to be a reconsideration of the balance of funding between the blocks.
- 1.5. The Council does not need the Forum's permission to centrally retain budgets as it does for the Schools and Early Years Blocks.

2. High Needs Block 2013-14.

- 2.1. Schools Forum on 28 February 2013 agreed the High Needs Block for 2013-14. Given the level of change within the HNB and the need to ensure provision and services to meet the needs of pupils, students and schools, the Schools Forum agreed to set up a High Needs Working Group (HNWG). The objectives of the group are 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*.
- 2.2. The HNWG has met regularly and in its more recent meetings has received monitoring information on the progress of the budget. In Appendix 1 the HNB budgets are analysed under the following headings.
- 2.3. Centrally Retained Services.
 - 2.3.1. The HNWG has received information on the centrally retained services, summarised in Appendix 1. These services cover those teams providing direct services to pupils and schools, contracted arrangements with the health authorities, plus the management and support costs of the HNB and the Block's share of corporate overheads. The latter are a recharge to all services of the Council and cover corporate support costs such as finance, HR and ICT as well as all aspects of premises and utilities costs. The HNWG has reviewed these budgets and recommends their continuation into 2014-15. Overall there is a projected under-spend of £14k on these budgets, largely due to a favourable conclusion in residual recoupment income.
- 2.4. Commissioning Budgets.

² The DfE are collecting data in the January 2014 census on the number of pupils receiving 'top-ups'; possibly to introduce a more finely targeted allocation in future years. It should be emphasised that the £6k maximum contribution applies to all children with SEN, even if not statemented.

- 2.4.1. The HNWG has also received monitoring information on the commissioning budgets. This has been the area giving the greatest concern due to the unknowns around the new responsibilities for students aged 19-25 in further education and the new regime in special schools and units and top-ups for statemented pupils in mainstream schools. The following areas are projecting over-spends in the current year. Recommended action is set out in 2.7 and 3.5.
- 2.4.2. Statemented Top-up. As set out in Paragraphs 1.2 and 1.4, the methodology for providing funding to in and out-borough children with SEN changed in April 2013. The residual centrally retained budgets, after the £4.1m was given to schools for them to meet their statutory contributions, need to cover the costs of the top-up for all statemented pupils. This applies to pupils in Haringey's schools and academies and pupils in out-borough schools and academies formerly covered by recoupment. The current projections are that these budgets will overspend by £985k.
- 2.4.3. Post16 Top-up. This covers the top-up for all post-16 pupils in the past funded by the former Young Peoples Learning Agency (YPLA) plus a new responsibility from September 2013 for 19-25 year olds with SEN in further education. The latter is an area of particular concern due to uncertainty about the numbers and location of students and the danger of significant price inflation. Funding was provided by the transfer of the former YPLA SEN Block Grant into the DSG plus additional funding for the new responsibilities. It has been reported previously to the Forum that the YPLA Block Grant did not fully cover costs and this shortfall plus the pressure on 19-25 funding is resulting in a projected shortfall of £45k. Although this overspend is relatively small this area remains a particular concern for the future.
- 2.5. There are some offsetting under-spends in the commissioning budget, totalling £239k, and these have been held to offset over-spends in the areas dealt with above. The net overspend in Commissioning is £791k.
- 2.6. Delegated Budgets.
 - 2.6.1. Special Schools and Special Resource Units. These budgets are determined by agreed commissioned place numbers and statutory per place funding amounts, there is therefore little scope for variance in these budgets.
- 2.7. The HNWG have received regular updates and have provided feedback to the Forum on concerns over pressures in this budget. To address this concern the Forum on 3rd July 2013 agreed to set aside the cumulative DSG under-spend of £1.1m brought forward from previous years as a contingency for the HNB. We are therefore recommending that the projected net overspend of £777k be met from this money.

3. High Needs Block 2014-15.

3.1. The indicative HNB for 2014-15 is set out in Table 1.

Table 1. Movement in Indicative High Needs Block 2013-14 to 2014-15.

Indicative High Needs Block	£000
HND 2013-14	29,920
Former Non-Maintained Special Schools Grant	23
Increase in Post 16 Funding (full year effect)	903
Removal of Carbon Reduction Commitment	-16
HNB 2014-15	30,830

- 3.2. The increase in funding is for the full year impact of the post 16 changes, offset by the Carbon Reduction Commitment explained in the Budget Strategy Report.
- 3.3. The indicative allocation does not take account of any adjustments for increased numbers. The DfE required local authorities to notify it of planned numbers of places at the end of December. Ministers will then make decisions on any growth, taking account of the national position and available funding. We will report back to the Forum when this is known.
- 3.4. Alternative Provision. Haringey's primary and secondary Pupil Support Centres will become an academy from April 2014. The delegated funding for the agreed 58 places, £464k, will be recouped from Haringey's DSG and paid directly to the academy trust, the remainder of the former PSC budgets will remain with Haringey to pay top-up for commissioned places.
- 3.5. The HNWG in reviewing the 2013-14 budgets supported the Council's recommendation that the budgets set out in Appendix 1 be continued for 2014-15. We do not expect the pressures on this budget to moderate in 2014-15 and the following recommendations are made to contain the projected overspend in that year. The recommendations reflect the desire to remove as little as possible from delegated budgets and to avoid reducing the value of top-ups.
- 3.5.1. That the balance of the HNB contingency, see Paragraph 2.7, is rolled forward into 2014-15 to continue to support meeting the pressures on this Block.
- 3.5.2. That the centrally retained Capital Expenditure from Revenue Account (CERA) contribution in the Schools Block, £489k, is moved into the HNB to support top-up costs. This is made possible by the announcement in late December that local authorities in England are to share in an additional £2.35bn in capital funding over three years to

help them create the extra school places that will be needed by 2017. The HNWG believe the transfer of this provision to be preferable to fully recovering the shortfall as set out in Paragraph 3.5.3 given the availability of additional capital funding. There was also the desire to leave as much funding as possible in schools to meet the SEN needs of statemented and non-statemented pupils and to avoid reducing the level of top-up.

- 3.5.3. That the balance of the projected shortfall, £288k, is deducted from the £3.6m delegated to schools to provide for the top-up requirement. This will have minimal impact on schools (£9.37 per pupil on average) but will provide important additional funding in the HNB to help prevent any reduction in top-up funding.