



Haringey Council

The Children and Young People's Service

Report to Haringey Schools Forum – 25th February 2015

Agenda Item

7

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 projected outturn for the High Needs Block in 2014-15.

To inform members of the indicative High Needs Funding for 2015-16 and the proposed High Needs Block for 2015-16.

Recommendations:

- 1. That the High Needs Block remains at the 2014-15 level, amended as summarised in Table 3.**
- 2. That the Schools Forum endorse the Council's proposal that the balance of £0.563m is used to create a 'bringing in' fund to expand provision in borough, reducing expensive out borough placements and a contingency to deal with unavoidable budget pressures**
- 3. That the remaining DSG High Needs Block (HNB) roll forward of £40k is set aside as a contingency for the High Needs Block in 2015-16.**

1. Introduction.

- 1.1. Significant changes were 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. The HNB innovations introduced in 2013-14 included 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 that schools and other educational institutions took on responsibility for costs up to the first £10,000 (average AWPU plus up to £6k additional costs) per pupil or student. Above this level top-up funding was provided by the commissioner placing the pupil. The top-up level should be agreed between the commissioner and educating institution and set out in the child's statement or plan.
- 1.5. 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.
- 1.6. It was not possible to target the increased delegation to take account of the number of statements in each school as the delegation could 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.
- 1.7. 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 was a reallocation of £230k back to the HNB in 2014-15.

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.

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 stated.

2. High Needs Block 2014-15.

- 2.1. Schools Forum on 28 February 2013 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. Following changes in council personnel the HNWG has not met regularly in 2014 but was reconvened in the latter part of the year and in its more recent meetings has received monitoring information on the progress of the budget. In Appendix 1 the HNB budgets are analysed, with a brief explanation of any variance, under the following headings.
- 2.3. Centrally Retained Services.
 - 2.3.1. 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.
 - 2.3.2. Overall there is a projected under-spend of £99k in this area, the most significant being in Simmons House, Behaviour and Alternative Provision Management and the Language Support Service due to vacant posts offset by overspends in the Hearing Impairment Team and Autism Support Team.
- 2.4. 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 funding regime in special schools and units and top-ups for special needs pupils in mainstream schools. Overall this area is showing an overspend of £511k but this includes a substantial underspend on Alternative Provision Commissioning that will not be available next year. Without this the overspend in the HNB would be projected at £702k. The following areas are projecting significant variations in the current year.
 - 2.4.1. Mainstream school top-up. As set out in Paragraph 1.4, the methodology for providing funding to in and out-borough children with SEN changed in April 2013. The residual centrally retained budgets need to cover the costs of the top-up for all high needs 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 £338k.

- 2.4.2. Independent and Voluntary Schools. This has historically been a difficult budget to control with one placement costing anything up to £0.25m. The Council has restructured and created a commissioning function to ensure better control in areas such as this. The projected overspend is £475k.
- 2.4.3. Higher Education 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. The projection for 2014-15 is an overspend of £224k.
- 2.4.4. Alternative Provision Commissioning Budgets. Haringey's primary and secondary Pupil Support Centres became an academy in April 2014. The former budgets for the centres were split into two, a delegated element recouped by the DfE for the agreed 58 places totalling £464k and paid directly to the academy trust. The balance remaining with Haringey as the commissioner was £1.498m. In 2014-15 £891k of this was the top-up for the Octagon. The remaining £607k includes top-up for the Tuition Centre plus other AP placements and the costs of commissioning. In 2014-15, the first year of the new arrangements there will be an underspend of £290k. This budget is also dealt with in 3.2.2.
- 2.4.5. Special Schools Top-up, see Paragraph 3.2.4.

2.5. Delegated Budgets.

- 2.5.1. 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.

2.6. Summary.

- 2.6.1. Overall an overspend of £412k is projected; however without the underspend in AP Commissioning that will not be available next year this would be over £702k. In July 2014 the Schools Forum agreed to roll forward the remainder of the contingency, £452k, set aside in 2013-14 as a HNB contingency for 2014-15. There is therefore sufficient contingency remaining to cover the projected overspend and a projected balance of £40k that we recommend is carried forward to 2015-16.

3. High Needs Block 2015-16.

3.1. Resources.

3.1.1. The HNB for 2015-16 is set out in Table 1. It reflects the decisions taken by Schools Forum on 4 December 2014 and 15 January 2015 to transfer funds from the Schools Block either to provide for the pressures within the Block or to create the new In Year Fair Access Budget following the recommended top-slicing of secondary school lump sums.

Table 1. Movement in High Needs Block 2014-15 to 2015-16.

High Needs Block	£000
Original HNB 2014-15 (including CRC adjustment)	31.115
Add transfers from Schools Block 2014-15	0.778
Revised 2014-15 HNB	31.893
Increase in HNB (including CRC adjustment)	0.261
In Year Fair Access – from Schools Block	0.338
Former LAC Placements Budget – from Schools Block	0.200
Other transfer from Schools Block	0.258
Revised 2015-16 HNB	32.950

3.1.2. Elements of the HNB will be ‘recouped’ for academies before the remainder is paid to the Council. In 2015-16 this sum will increase to reflect the rise of £2,000 from £8,000 to £10,000 in the sum delegated to alternative provision establishments from September. There are also some changes in the number of planned places in special resource provision in mainstream school; an increase at Heartlands and a reduction at Harris Coleraine Park. As the changes for the Octagon will be largely self balancing, there will be a corresponding reduction in the amount of top-up, the net position will be an improvement of £24k for Haringey. The recoupment adjustment is shown in Table 2.

Table 2. Academy Indicative Recoupment Adjustments 2014-15 to 2015-16.

Academy Recoupment	£000
Recoupment 2014-15	1.449
Increase in Octagon Recoupment 15-16	0.068
Other changes	-0.024
Recoupment 2015-16	1.493

3.1.3. The sum available for the HNB for Haringey maintained provision is therefore £30.444m in 2014-15 (£31.893m less £1.449m) and £31.457m in 2015-16 (£32.95m less £1.493m), an increase of £1.013m. The proposed use of this is set out in the following paragraphs and summarised in Table 3.

3.2. Use of Resources – Changes.

- 3.2.1. **In Year Fair Access Panel.** The Forum has agreed to transfer £0.338m for the creation of this budget.
- 3.2.2. **Alternative Provision Commissioning Budget.** This was created after the transfer of the Octagon and Primary PSC to academy status. It was the subject of a report to the HNWG on 8 December. The 2014-15 budget of £1.498m will be reduced by £0.132m to £1.366m to reflect the increase in recoupment for the Octagon and delegated budgets for the Tuition Service. The proposed use of the 2015-16 budget is:
- Estimated Octagon top-up £0.823m
 - Tuition Centre £0.123m
 - Other AP placements £0.081m
 - Commissioning costs £0.075m
 - Transfer to Pathway to Early Support £0.264m
- 3.2.3. **Pathway to Early Support.** The HNWG received a report on this on 8 December 2014. It explored the need to provide top-up funding for the expansion of the two year old programme to cover children with special needs and the current under-provision for three and four year olds with SEN. The estimated cost is £0.395m and we propose to transfer £0.264m from the AP Commissioning budget for this with the remainder coming from the reduction in central support costs set out in paragraph 3.2.5.
- 3.2.4. **Special Schools.** The changes in special school funding introduced in 2013-14 pegged the top-up funding to the level of 2012-13 budgets and guidance from the North London Strategic Alliance recommended no increase in 2014-15. This is putting significant pressure on special school budgets and we are recommending a 2.5% increase in fees for 2015-16. This is estimated to cost £0.141m. In addition two special schools operate an inclusion model with mainstream schools in which the latter hold vacant a number of places. For the mainstream school this involves losing the AWPU for the vacant places that are reimbursed by the special school. The changes in the Schools Funding Formula for 2013-14 and 2014-15 increased the value of the AWPU and therefore the income foregone by the mainstream school. To enable the special schools to properly compensate the host school we are recommending an increase of £0.04m in the top-up for these schools. In the longer term we will review the need to keep places vacant.
- 3.2.5. **Overheads.** These are the costs of allowing front line staff to do their jobs, including the provision of desks and equipment within suitably maintained and heated office spaces and the support received in respect of finance, human resources and information technology.

More detail on these services are included in Appendix 2. The support costs for 2015-16 have not yet been completed and need to take into account the substantial planned reductions in support services. In 2014-15 the amount retained was £1.016m but with reductions in central services this is estimated to be £0.8m in 2015-16. The reduction of £0.22m will be added to the sum to be delegated to schools through the funding formula.

3.3. Use of Resources – Continuing.

- 3.3.1. Appendix 1 sets out the current services and levels of resources, we are not proposing changes other than those set out above, and the change in emphasis set out in paragraph 3.3.2. There may be some reallocation as the year progresses that will be reported to future meetings of this working party.
- 3.3.2. A change in emphasis in 2015-16 will be in the area of Integrated Working and Family Support. This will form part of the Early Help agenda and papers on the proposals in this area have been presented to the Forum and the High Needs and Schools Working Parties.

3.4. Use of Resources Summary.

- 3.4.1. Table 3 summarises the changes set out above. The net position is a balance of £0.563m to offset the pressure of £0.702m identified in Section 2.6.1. We recommend that the balance is used to create a 'bringing in' fund to expand provision in borough, reducing expensive out borough placements and a contingency to deal with unavoidable budget pressures

3.5. Table 3 Summary of Changes.

	£000
Additional resources HNB	1.013
Transfer from AP Commissioning Budget	0.264
Reduction in overheads	0.200
Total	1.477
IYFAP	0.338
Pathway to Early Support	0.395
Special Schools	0.181
	0.914
Balance Remaining	0.563