

Meeting / Date	SCHOOLS FORUM 14 January 2015	Agenda Item	7
Report Title	High Needs Block 2015-16: Funding and Proposed Allocation to Schools, PRUs and Further Education Providers		
Decision/ Discussion/ Information	For Information and Decision		
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Appendices	Appendix A: Proposed High Needs Block funding distribution for 2015-16 Appendix B: Proposed HNB for Special Schools for 2015-16 Appendix C: Proposed HNB for mainstream schools and Special Resourced Provision for 2015-16 Appendix D: Proposed HNB for FE Colleges for 2015-16		

1. SUMMARY

- 1.1 In November Schools Forum received a report giving an update on High Needs Block (HNB) funding for 2014-15 and a forecast for 2015-16 with recommendations for the distribution of funding in that year (Appendix A). The report to this meeting (agenda item 3) on the DSG settlement for 2015-16 (DSG Funding Blocks 2015-16) confirms the HNB funding of **£34.233m** prior to deductions of funding directly allocated to SEN specialist providers by the Education Funding Agency (EFA).
- 1.2 This report sets out the total funding available within the HNB after implementing the funding distribution decisions as agreed by Schools Forum in the November 2014 report.
- 1.3 The report provides information:
- on changes in the forecast number of High Needs places required for 2015-16 (Table 1); and
 - a breakdown of the four main expenditure components of HNB:
 - ✓ Special schools (**Appendix B**)
 - ✓ Mainstream schools including special resourced provision (SRP) early years (**Appendix C**).

- ✓ Further Education (FE) Providers (**Appendix D**).
- ✓ High Needs centrally retained and outreach support services funded through the HNB.

2. RECOMMENDATIONS

2.1 Schools Forum notes:

2.1.1 That the DSG HNB allocation for 2015-16 is **£34.233m**.

2.1.2 That adjustments for inter block transfers and uncommitted expenditure from 2014-15 agreed by Schools Forum in November 2014 raises funding to **£36.888m**, subject to final outturn figures for 2014-15.

2.2 Schools Forum approves the distribution of funding as shown in Appendix A as set out below:

2.2.1 **£15.648m** for high needs provision in Special Schools

2.2.2 **£4.086m** for SRPs in mainstream schools

2.2.3 **£4.746m** for mainstream and early years providers (including in year adjustments for under 5s and 5-16 year olds)

2.2.4 **£0.650m** for Post-16 FE Providers

2.2.5 **£3.297m** for Alternative provision and PRUs

2.2.6 **£4.207m** for SEN placements in Independent and out of Borough schools

2.2.7 **£1.809m** for commissioned SEN support services to schools

2.2.8 **£0.498m** for centrally held support services such as Social inclusion to support behaviour

2.2.9 **£1.447m** to support SEN reforms (agreed in Sept 2013)

2.2.10 **£0.500m** contingency subject to the final 2014-15 outturn position

3. REASON

3.1 The LA is required to consult with Schools Forum on an annual basis regarding HNB funding and how this is distributed to meet pupils special educational needs.

4. BACKGROUND

Income and expenditure within the HNB for 2015-16

4.1 The report to Schools Forum in November 2014 projected an income of **£34.041m** from the EFA. As explained in the report entitled "DSG Funding Block 2015-16" Waltham Forest has been allocated **£34.233m** by the EFA for 2015-16. Funding within the HNB for 2015-16 has been enhanced by the following decisions taken by Schools Forum in November 2014:

- The transfer of **£0.500m** from Early Years Block to support pupils aged 2-4;

- The transfer of **£0.125m** from Schools Block to offset the cost of place-led funding for Alternative Provision rising from £8,000 to £10,000 per place from September 2015;
 - Funding brought forward from 2014-15 to support SEN reforms totalling **£1.447m**
 - Forecast underspend for 2014-15 of **£0.584m**
- 4.2 Therefore, the current size of the High Needs Block for 2015-16 is **£36.888m** (shown in **Appendix A**).
- 4.3 The report to Schools Forum in November 2014 stated that having reviewed all provision funded through the HNB, the Local Authority (LA) had calculated that in the academic year 2015-16 it required an extra 60 places taking total places to 1,297. Given that the EFA will now only fund 20 of the extra 60 places, the LA has revisited provision to ensure that it can remain within available funding in 2015-16. The LA has put aside a small contingency of **£0.500m** for unexpected expenditure.
- 4.4 The report in November highlighted anticipated cost pressures amounting to **£1.543m** in 2015-16. Forecasts have been updated based on current information. Full information on forecasted expenditure is set out in **Appendix A** and is compared with 2014-15. This shows a total planned expenditure of **£36.888m**, including a small contingency of **£0.500m or 1.4%**.
- 4.5 It should be noted that for 2014-15 the EFA deducted **£7.580m** from the HNB to cover payments that it made directly to academies and colleges for place-led funding. The EFA have yet to determine the amount to be deducted for 2015-16 and therefore Appendix A includes all expenditure.

Forecast need for specialist places in 2015-16

- 4.6 This covers place-led funding for Waltham Forest and Other LA pre 16 pupils; place led funding for Waltham Forest post 16 students; commissioning fees for Waltham Forest pupils and students attending:
- Special schools and academies
 - SRP in mainstream schools
 - Alternative Provision and Pupil Referral Units
 - SEN independent schools and other out borough schools
- 4.7 Table 1 below sets out the total number of places the LA plans to fund in the Academic Years (AY) 2014/15 (April to August) and 2015/16 (September to March). Overall, the number of places decrease from **1,176** to **1,172**. The main trends are:
- A growth in special schools by 6 places
 - A growth in resource provisions by 5 places
 - A decrease in Alternative Provision by 15 places

Table 1: Comparison of High Needs Places AY 2014-15 and AY 2015-16

	Total 2014/15	Post-16 2015/16	Pre-16 2015/16	Total 2015/16	Change
Special Schools	682	124	564	688	6
Special Resource Provision	180	3	182	185	5
Pupil Referral Units	136	0	136	136	0
Alternative Provision (PRUs)	150	0	135	135	-15
Alternative Provision (SEN)	10	0	10	10	0
Independent Special Schools	18	10	8	18	0
Total	1176	137	1035	1172	-4

4.8 **Appendix B** to this report sets out the proposed funding allocations to the five special schools. There is an overall increase in planned expenditure of **£0.575m**. This is due to an increase in commissioning charges which reflects the continued rise in the level of needs that many of our pupils have.

- Special schools make most provision for pupils living within Waltham Forest. However some schools have a significant proportion of pupils from other LAs. This can have significant concerns for such schools if the other LAs are less efficient in paying the commissioning fees in a timely manner.
- Schools Forum were informed of the bid to EFA for additional funding to support growth of 58 places. This included an alert that if the bid was unsuccessful there would need to be a call on contingency/underspend to cover the shortfall. The LA has been informed that EFA will fund 20 of the 58 places additional funding leaving a shortfall mainly falling on the Whitefield Trust at the Joseph Clarke site. The LA will need to monitor the implication of this throughout the year with a view to using the contingency to fund any shortfall in place led and top up funding.

4.9 **Appendix C** to this report sets out the proposed funding allocations for special resource provision (SRP) within mainstream schools. The expansion of SRPs has meant that the LA has been able to reduce and control out-borough costs and costs to independent special schools. This has also provided more appropriate provision for the school population closer to home.

- Since 2013/14 places in SRPs have gradually grown from 160 in 2013/14 to 180 in 2014/15 to 185 in 2015/16. 2015/16 sees the full year effect of these changes as demonstrated by the increase in the costs of SRPs.

4.10 The balance of funding for Alternative Provision and Pupil Referral Units is changing following the changes being introduced in September 2015 for place-led funding in PRUs and Alternative Provision settings (as discussed at the meeting in November 2014). The increase in places for Forest Pathways and the increase in place-led funding from £8,000 to £10,000 means that a greater proportion of the total costs are now met from within HNB and less from schools as shown in Table 2 below.

Table 2: Changes in sources of funding between AY 2014/15 and AY 2015/16

Provision	AY 2014/15	AY 2015/16	FY 2015-16
PRU Schools	£656,000	£720,000	£693,333
Forest Pathways	£1,188,000	£1,408,000	£1,316,334
Total	£1,844,000	£2,128,000	£2,009,667
Alternative Provision	£1,200,000	£1,350,000	£1,287,500
Total Funding for PRUs	£3,044,000	£3,478,000	£3,297,167

Note: AY = Academic Year ; FY = Financial Year

- 4.11 LAs were not required to make exceptional cases on behalf of non-maintained special schools (non profit making schools usually funded by charities) and therefore the place numbers for these institutions were excluded from the LA place number totals. These institutions take, on average, smaller numbers of pupils/students from a larger number of LA areas, and the EFA therefore changed the arrangement from last year so that these institutions were able to make submissions directly to the EFA. As the arrangement is directly between the EFA and the non-maintained institution the LA has carried forward the same numbers as 2014/15 for 2015/16.

HNB funding for mainstream schools and academies:

- 4.12 The total number of high needs pupils being supported has risen from 318 to 349 and so too has the total cost of commissioning fees. Elements 1 and 2 are met from the school budget share, but the LA operates a system of protecting those schools with high costs for supporting statemented pupils relative to their notional SEN budget. The LA also provides some protection for schools facing a significant change in commissioning fees between one year and the next. **Appendix C** shows the funding allocated to each mainstream school (including academies) for 2015-16.

Post-16 Provision in further education establishments:

- 4.13 **Appendix D** shows the funding allocation for post-16 pupils in further education establishments. The LA has been responsible since April 2013 for funding the special educational needs of students who continue their educational programmes after leaving school. Prior to this it was the direct responsibility of the EFA. As such the LA is monitoring expenditure trends closely to inform future planning.

LA Support Services funded through High Needs Block:

- 4.14 Apart from place-led-funding and commissioning fees, the HNB also provides and funds for the Social Inclusion Service to support schools with pupils with behaviour and emotional difficulties. The funding for the service remains unchanged from 2013-14 at **£0.490m**.
- 4.15 The LA also has service level agreements with special schools and certain early years settings to provide specialist outreach support e.g. Peripatetic Service, mobility officers, Hearing Impaired service etc. This amounts to **£1.809m** and is not part of the individual school and academy budgets as shown in **Appendix A**. The LA proposes to leave this funding unchanged again for 2015-16.

5 STRATEGIC ISSUES

5.1 The increasing trend in need for SEN places and consequent pressure on HNB funding raises the following strategic issues which will be looked at in time for the 2016-17 financial year:

- The balance between SEN school based formula funding and centrally retained HNB funding including any impact of Free schools on HNB expenditure
- Forecast need for mainstream based SEN provision (SRP etc) and the balance between this and special school provision
- Review of expenditure on support services and how these could be delivered in the future
- Monitoring and quality assurance processes

These issues will be examined with a view to bringing proposals back to Schools Forum in Autumn 2015.

6 CONSULTATION

6.1 The LA has consulted with individual providers for pupils and students. It has also provided regular reports to Schools Forum updating on funding arrangements within the High Needs Block. The LA is now asking Schools Forum to endorse the recommendations set out in this report.