Waltham Forest

Meeting / Date	**SCHOOLS FORUM** **15 January 2014**	Agenda Item	7
Report Title	**High Needs Block 2014-15 : EFA Funding and Allocation to Schools, PRUs and Further Education Institutions**		
Decision/ Discussion/ Information	For Information and Decision		
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Appendices	**Appendix A:** Technical Guidance : Place-led funding and commissioning fees **Appendix B:** Place-led funding and commissioning fees for special schools and Academies **Appendix C:** Commissioning fees for pre-16 pupils in mainstream settings. **Appendix D:** Place-led funding and commissioning fees for post-16 students **Appendix E:** Size and distribution of funding within the HNB in 2013-14 and proposed changes for 2014-15 **Appendix F:** Proposed 2014-15 Funding options for PRUs		

1. SUMMARY

1.1 Schools Forum receives a comprehensive report in January each year on the Local Authority's (LA) plans for meeting the needs of SEN pupils. Since 2013-14 expenditure on High Needs Low Incidence (HNLI) pupils is contained within the High Needs Block (HNB) which is one of the three DSG funding blocks. This report provides information on the four main components of HNB:

- Pre-16 pupils in specialist settings (Appendices A and B).
- Post-16 students (Appendices A and D).
- Pre-16 pupils in mainstream settings in Waltham Forest and Out-borough (Appendices A and C).
- High Needs centrally retained services funded through the HNB.

1.2 It also provides details on the size and distribution of funding within the HNB in 2013-14 and proposed changes for 2014-15 (Appendix E).

2. RECOMMENDATIONS

2.1 **Schools Forum notes** the forecasted overall funding for the High Needs Block in 2014-15 as **£31.570m** for Pre-16 and **£2.182m** for Post-16, totalling **£33.752m**. Other adjustments including prior year underspends, inter block adjustments, CRC and contingency revise the available funding in the HNB to **£35.947m.**

2.2 **Schools Forum approve** the distribution of funding as shown in **Appendix E** of **£32.231m** within the High Needs Block for 2014-15 as follows:

2.2.1 **£13.817m** for Special Schools and academies funding allocation**.**
2.2.2 **£3.819m** for Specialist provisions in mainstream schools allocation.
2.2.3 **£4.233m** for Commissioning fees for mainstream schools and academies**.**
2.2.4 **£1.453m** for Post school commissioning fees in further education institutions.
2.2.5 **£1.200m** for Alternative provision funding.
2.2.6 **£4.014m** for SEN placements in Independent and other schools.
2.2.7 **£1.809m** for Outreach services commissioned to schools.
2.2.8 **£0.498m** for Central services.
2.2.9 **£1.388m** Carry forward as agreed by the September 2013 Schools Forum.

2.3 **Schools Forum to agree** one of the following options for the number of places funded for late arrivals at the Forest Pathways College (FPC) provision in the secondary PRU. The total number of funded places available for PRUs in 2014-15 will be maintained at **136** as shown in **Appendix F**.

Option 1 – **Place ratio remains unchanged from 2013-14.**
Other places on PRU **91**: Forest Pathways **45**.
Total cost to the HNB **£1.718m**

Option 2 – **Additional 5 places in Forest Pathways:**
Other places on PRU **86**; Forest Pathways **50**.
Total cost to the HNB **£1.788m**, an increase of **£0.070m**.

Option 3 – **Additional 9 places in Forest Pathways:**
Other places on PRU **82**; Forest Pathways **54**.
Total cost to the HNB **£1.844m**, an increase of **£0.126m**.

Option 4 – **Additional 13 places in Forest Pathways:**
Other places on PRU **78;** Forest Pathways **58**.
Total cost to the HNB **£1.900m**, an increase of **£0.182m**.

2.4 **Schools Forum notes** that the net implications of 2.2 to 2.3 above result in an unallocated sum of **£1.816m** as shown in **Appendix E.** This is subject to final 2013-14 Outturn position. At this stage of the budget setting process it is prudent for the HNB to have an unallocated sum, to respond to the post 16 volatility and any new issues.

3. REASON

3.1 The LA is required to consult with Schools Forum on an annual basis regarding financial issues relating to arrangements for :

- pupils with special educational needs;
- use of pupil referral units;
- the education of children otherwise than at school; and
- varying the protection for special schools and special academies.

4. BACKGROUND

Place-led funding (elements 1 and 2)

4.1 75% of total expenditure within the HNB is accounted for by place-led funding and commissioning fees. For a HNLI pupil, place-led funding is **£10,000** in an SEN specialist setting and **£8,000** in an alternative provision setting. Mainstream schools are expected to contribute the AWPU and **£6,000** from their notional SEN budget share for a HNLI pupil before attracting additional HNB funding. This is called Element 3.

4.2 Each year the LA is required to submit to the EFA its proposals for the number of places it wants to fund in specialist SEN, alternative provision and post-16 settings (16-19 and 19-25 year olds). The deadline for 2014-15 was 23 December 2013. This is now a financial commitment that cannot be changed if for example all the places are not filled in a particular setting.

4.3 In 2013-14 the total number of places submitted by LA to the EFA was **1,318.** For 2014-15, the LA has submitted proposals for **1,282** places**,** a reduction of **36.** However, the figure of **1,383** produced by the EFA included double counting of **65** post-16 pupils at William Morris in both pre-16 and post-16 categories.

4.4 There are four main trends as shown in Table A :

- A reduction in out-borough placements in non-maintained special schools
- A reduction in Waltham Forest pupils at our 5 special schools
- An increase in special resources provision in our mainstream schools
- A decline in pre-16 places and a rise in post-16 places

Table A: Comparison of High Needs Places 2013-14 and 2014-15

	Total 2013-14	Pre-16 2014-15	Post-16 2014-15	Total 2014-15	Change
Special Schools	780	558	122	680	-100
Adjustment to special schools	-65				65
Special Resource Provision	160	177	3	180	20
Pupil Referral Units	136	136	0	136	0
Alternative Provision (PRUs)	150	150	0	150	0
Alternative Provision (SEN)	10	10	0	10	0
Walthamstow Academy	15	11	0	11	-4
Non-Maintained Special Schools	29	8	10	18	-11
Further Education Provider	85	0	87	87	2
Independent Specialist Provider	9	0	7	7	-2
Other Post-16 Providers	9	0	3	3	-6
Total	**1318**	**1050**	**232**	**1282**	**-36**

4.5 The EFA deducts from the LA's HNB the agreed place-led funding for post-16 institutions and for Academies and pays the funding direct to the setting. The LA is responsible for paying all other place-led funding, including places filled by out-borough pupils for which there is an adjustment (increase) in the HNB. Equally, funding is deducted from the HNB for Waltham Forest pupil attending independent schools, non-maintained special schools and special schools and mainstream school maintained by other LAs. This is made more complex by the fact that place-led funding for post-16 settings runs from August to July whereas for pre-16 funding it runs from April – March.

Commissioning Fees (element 3)

4.6 Commissioning fees are paid to settings for all HNLI pupils and students. Whereas place-led funding (Elements 1 and 2) is for the whole year, commissioning fees are only paid by the LA for the actual period of time that a Waltham Forest HNLI pupil or student is on roll. The fees are based upon the relevant Resource Ladder Level. Commissioning fees are the difference between the agreed Resource Ladder Level for the HNLI pupil or student and the place-led funding. The LA proposes not to make any changes in the Resource Ladder Levels for 2014-15 as there is no increase in overall funding for the HNB in 2014-15.

4.7 Commissioning fees paid for Waltham Forest pupils attending other specialist SEN settings, including independent schools and non-maintained special schools and mainstream settings in other LAs are the subject of agreement between the LA and that setting.

4.8 A detailed breakdown on place-led funding and commissioning fees for HNLI pupils and students is set out in Appendix A to this report. It covers Special Schools, Special Resourced Provision in Mainstream Schools, the PRUs and Alternative Provision and the commissioning fees in mainstream schools.

LA Support Services funded through High Needs Block

4.9 Apart from place-led-funding and commissioning fees, the HNB also provides and funds for the Social Inclusion Service for HNLI pupils. The funding for the service remains unchanged from 2013-14 at **£0.490m**.

4.10 The LA also has service level agreements with special schools and certain early years settings to provide specialist outreach support e.g. Peri 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 E.** The LA proposes to leave this funding unchanged for 2014-15.

4.11 In 2013-14 there were other deductions from the HNB for contributions to centrally retained services. These were:

• Schools Forum	£0.008m
• Carbon Reduction Commitment	£0.042m
• Termination of Employment Contracts	£0.042m
• CERA	£0.122m
	£0.214m

4.12 However, in 2014-15, the LA will only be retaining funding for Schools Forum and will cease to make provision for CRC, Termination of Employment Contracts and CERA. The Department for Education (DFE) have top sliced the CRC from the DSG and it is proposed to reduce the HNB by **£0.049m**. This releases **£0.164m** for reallocation within the HNB to meet budget pressures.

Size and Distribution of funding within HNB for 2013-14 and 2014-15

4.13 The original EFA allocation of **£32.914m** has been supplemented by additional grants by EFA and by Schools Forum in relation to SEN underspends in 2010-11 and 2012-13**.** The use of SEN underspends was agreed at the Schools Forum meeting in September 2013. Therefore, the current size of the High Needs Block for 2013-14 stands at **£35.880m.** A breakdown of this funding is shown at the top of the table in **Appendix E.**

4.14 Unlike the Schools Block and the Early Years Block, where funding is adjusted for actual number of qualifying pupils at the appropriate census date, the HNB funding remains cash flat unless there are changes in the total number of HNLI places in specialist settings to be funded both locally and nationally, including movement of pupils across LA boundaries.

4.15 The LA has the discretion to move funding between the three funding blocks, following consultation with Schools Forum. However, it was agreed last year that given the high risks attached with the HNB, that the LA would not adjust funding unless it was imperative to do so. At this stage we cannot be certain of the final size of the HNB for 2014-15. Firstly the LA submission on place-led funding was only submitted on 23 December 2013 and the EFA have yet to take final decisions on any adjustments in funding arising from this. Secondly at this stage the size of any underspend within the HNB for 2013-14 is an estimate.

4.16 At the 8 month monitoring of HNB expenditure for 2013-14, the LA is aware of potential overspends and underspends and the main ones are summarised in Table B below:

Table B: Potential underspends and overspends in HNB funding for 2013-14

Budget Heading	£m	Reason
Post-16 place led funding in Special schools	-0.746	Provision double–counted in both special schools and post-16 cost centres-reported to Schools Forum in September 2013
Independent and SEN placements	-0.349	Unfilled estimated residential and other places result in an underspend
Protection through MFG	-0.04	Belmont Park funding reduction limited to -1.5%
Integration Programmes	-0.06	Unallocated outreach service/funding
Total Underspends	**-1.195**	
Academies	0.516	Requirement to fund academies at 2012-13 rates until September 2013
Under Fives in mainstream and PVI settings	0.043	Higher number of SEN statements than estimated
Total Overspends	**0.559**	
Net Underspend	**-0.636**	

4.17 These and other adjustments suggest that the LA will finish the year with an underspend in the region of **£0.636m**. HNB Funding for 2014-15 therefore reflects the adjustments in budget provision where funding allocated in 2013-14 was incorrect; and forecasting the level of funding required for each activity funded within the HNB.

4.18 **Appendix E** shows planned expenditure for 2013-14 set against forecast budget provision for 2014-15. These figures may change over the next couple of months as data is bedded down. However, as the figures show, we believe there is sufficient contingency funding to cover unexpected risks and adjustments.

5 CONSULTATION

5.1 In reaching its proposals for HNB in 2014-15, the LA has consulted with the High Needs Task & Finish Group, and with individual specialist settings, post-16 providers and mainstream schools.