

Schools Forum 16th January 2013

High Needs Block and funding for High Needs Pupils in 2013/14

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Introduction:

Schools Forum has received a series of reports over the last year on the High Needs Block and how funding for High Needs pupils is changing. This report concentrates on a number of key issues:

- Overall funding within the High Needs Block and for what it can be used.
- Funding for special schools.
- Funding for high needs pupils in mainstream schools.
- Funding for Pupil Referral Units and Alternative Provision.
- Funding for LDD students aged 16-24 in sixth forms and colleges.
- SEN Control Total and forecasted expenditure for 2013/14.

Overall funding within the High Needs Block and for what it can be used:

Another report to this meeting of Schools Forum explains that the size of the High Needs Block will be as shown in Table 1 below:

Table 1: Further adjustments to High Needs Block by EFA and Local Authority in December 2012

Funding	£m	Commentary
Baseline figure	32.548	
Minus Post-16 SEN Block Grant	-1.488	Contributes to post-16 costs for students in special schools
Plus Post-16 SEN Block Grant	0.544	For period April – July 2013
Plus Post -16 high needs funding August 2013 – March 2014	0.618	This covers element 3 contributions for all post-16 LDD students in special schools & Academies, sixth forms and colleges
Growth of High Needs Places	0.461	For growth of 47.6 HN specialist places in 2013/14
SEN funding for 3 and 4 year olds	0.446	Transferred from Early Years Block for SEN Centres and in-year statements
Revised Total	33.129	

Essentially this funding is available to support pupils with High Needs (e.g. those where the level of resources needed to meet identified need is greater than £6,000 a year. Schools are expected to meet the full cost for low cost / high incidence pupils. In addition the Local Authority will be carrying forward a total of **£1.183m** of SEN underspends for the financial years 2010/11 and 2011/12.

Funding for special schools and special resourced provision:

There was a detailed explanation at the meeting in December 2012 on the very significant cost pressures being faced by the Local Authority arising from the growth of Waltham Forest pupils attending our 5 special schools & Academies and the move to funding based on the aggregation of actual rather than notional resource ladder levels.

The High Needs Block has no growth in 2013/14 other than the **£0.461m / 1.4%** announced by the EFA on 19th December 2012, which covers the cost of the extra places in special schools and SRPs in mainstream schools, but not the top-up fees and there are few areas for achieving savings. Therefore, the Local Authority simply cannot afford to fund a shift from notional to actual resource ladder rates for special schools & Academies in 2013/14 as well as the growth in pupil numbers. It therefore has to look at options to dampen down the cost escalation to an affordable figure whilst moving in the right direction of travel. It was agreed at the last meeting of Schools Forum that the Local Authority would meet with the Headteachers of the special schools & Academies to discuss options and reach a consensus on how to address these cost pressures.

The Local Authority met with the headteachers and other representatives of all five special schools & Academies on 17th December 2012. This was a frank, open and constructive meeting around the following points:

- The Government recognises that there will be much turbulence in moving to the new funding arrangements for SEN and has left Local Authorities with flexibility on how they manage this. The only stipulation is that for 2013/14 the average funding per pupil for pupils for whom the Local Authority is responsible should not be less than **1.5% below** the average level of funding for such pupils in 2012/13. Thus if the Local Authority were to continue to fund special schools & Academies on the existing average rates paid for Waltham Forest pupils the only additional funding that would be needed to be found would be for the growth in pupil numbers – and the cost of the extra place-led funding - about **£0.450m**. However, this only puts off the problem to another financial year and makes long-term financial planning difficult for both the LA and the special schools & Academies.
- The Local Authority could **reduce the resource level rates**. However, this has unfortunate side effects. Firstly Belmont Park is not likely to be fully protected by the - 1.5% ruling (equivalent to MFG) explained above. In addition it would also reduce the rates for pupils in mainstream schools including special resourced provision although this would not be protected through MFG. However, it could also reduce funding for out-borough placements, if the same rates were applied.
- The Local Authority could **apply a ceiling gain to growth in average funding per pupil**, which is a government funding principle applied to mainstream schools benefitting from changes in the new funding formula. On average funding per pupil is predicted to rise by **6%**. The ceiling gain could be applied at between **1-3%** depending on the level of resources available (2% is being proposed for mainstream schools). This approach would enable the Local Authority to review the ceiling gain in-year if other cost pressures did not materialise or were lower than forecasted. E.g. a rate could be fixed for the April – August funding period and then reviewed in July 2013. This option appears to give the greatest flexibility but also the greatest uncertainty.

The outcome of the meeting was that it was agreed that the Local Authority would circulate an analysis of the impact of three measures to contain expenditure. These were:

- **Option 1 – a 3% reduction in resource ladder levels with rounding:**

The Local Authority to reduce resource ladder levels by 3% and round down to the nearest £250. In practice that meant an overall reduction of about **3.9%**. The new mid-range rates would be those shown in the table below. The Top range would be £3,000 higher and the Bottom range would be £1,000 lower as at present.

Table 2: Proposed reduction and simplification of Resource Ladder Levels

Resource Ladder level	Current	Revised
D	£15,041	£ 14,500
E	£19,677	£ 19,000
F	£26,478	£ 25,750
G	£29,284	£ 28,500
H	£33,264	£ 32,250
I	£55,587	£ 54,000

This would reduce budget shares from **£17.121m** to **£16.678m** but it still represents a growth of **£1.077m** or **4.6%**. An increase of approximately £1.000m is at the very upper end of the funding we expect we can find. This option means that from 1st April 2013, all Waltham Forest placements will be at the agreed resource ladder level for the pupil. It also means that we will also be able to implement immediately any changes in resource ladder agreed in-year. Thus whilst this is a tough reduction in funding, the future direction of travel is very clear and the forecasting of funding for future will be transparent for schools & Academies to calculate. However, for Belmont Park there would be some reduction in funding which would only in part be covered by the minimum funding guarantee of MINUS 1.5% e.g. about £13,000.

- **Option 2 – A maximum growth in average funding per pupil of 3%**

Under this option the current resource ladder rates will still apply. Restricting the growth to 3% has no impact for Belmont Park but has a considerable impact for Brookfield House where the growth in funding would otherwise be 14.9%. The logic of this approach is that for the four schools other than Belmont Park the increase in funding per pupil is the same. However, as pointed out at the meeting, those schools where the greatest adjustments in resource ladder levels have been made would bear the brunt of the savings achieved. Any adjustments in resource ladder levels in-year and changes in the distribution of levels upwards as low level pupils are replaced by higher level pupils would not result in additional funding per pupil. It also leaves uncertain the arrangements for future years as each year the level of the ceiling gain would have to be revisited.

- **Option 3 – Allocation of only 50% of the rise in average funding per pupil**

This approach ensured that all schools & Academies shared the same rate of progress towards the new average level of funding per pupil. Again this has little impact on Belmont Park but benefits Brookfield House the most and William Morris the least of the other four schools & Academies. Again, any adjustments in resource ladder levels in-year and changes in the distribution of levels upwards as low level pupils are replaced by higher level pupils

would not result in additional funding per pupil. It also leaves uncertain the arrangements for future years as each year the level of the ceiling gain would have to be revisited.

The general feedback on the analysis from the special schools & Academies is a preference for Option 1 because of the certainty it gives, but this is the worst option for Belmont Park. Therefore the Local Authority is recommending that Option 1 is adopted but with the caveat that funding for Belmont Park is extended to ensure no reduction in average funding for Waltham Forest pupils during 2013/14.

This means that the total cost of the increase in numbers of Waltham Forest pupils in our special schools and the move to actual resource ladder rates would be reduced by about **£0.450m** making the net cost about **£1.120m**. These are still provisional figures as the resource ladder levels for some pupils are still being reviewed.

A full breakdown of the proposed funding for special schools & Academies based on Option 1, using the latest available data for pupils, is set out in **Appendix A** to this report. The section in YELLOW shows the funding for 2012/13 having removed any transitional protection or The section in GREEN shows the place-led funding for 2013/14. The BLUE section shows Top-up fees payable by Waltham Forest and other Local Authorities. The ORANGE section shows the total funding (e.g. Place-led funding and Top-up fees). The GREY section shows the changes between 2012/13 and 2013/14.

There will be some knock on effect since these lower rates will now also be applied to High Needs Pupils in mainstream schools meaning that mainstream schools will now contribute a slightly larger proportion (but not more money) of the total funding for a High Needs Pupil. It also has a knock on effect for Special Resourced Provision. This is explained further in the next section of the report.

Special Schools & Academies are also affected by the change in funding arrangements for post-16 pupils and this is explained in the section on 16-14 LDD students.

Funding for high needs pupils in mainstream schools:

For High Needs Pupils in mainstream schools, the school has to meet the cost of elements 1 (AWPU) and element 2 (£6,000) with the Local Authority providing element 3 e.g. the “Top Up” which brings funding up to the value of the relevant Resource Ladder Level. Any pupils with a resource level at B, C and D are met in full by the school as funding has already been fully delegated for these pupils. Arrangements for all other High Needs Pupils are shown in the two tables below:

Table 3: Funding arrangements in mainstream primary schools

Resource Ladder Level	Total funding (bottom range)	Element 1 (AWPU)	Element 2 (from AEN fund)	Element 3 Top Up from LA)	Proportion met by School
E	£18,000	£3,240	£6,000	£8,760	51.3%
F	£24,750	£3,240	£6,000	£15,510	37.3%
G	£27,500	£3,240	£6,000	£18,260	33.6%
H	£31,250	£3,240	£6,000	£22,010	29.6%
I	£53,000	£3,240	£6,000	£43,760	17.4%

Table 4: Funding arrangements in mainstream secondary schools

Resource Ladder Level	Total funding (middle range)	Element 1 (AWPU)	Element 2 (from AEN fund)	Element 3 Top Up from LA)	Proportion met by School
E	£19,000	£4,850	£6,000	£9,760	57.1%
F	£25,750	£4,850	£6,000	£16,510	42.1%
G	£28,500	£4,850	£6,000	£19,260	38.1%
H	£32,250	£4,850	£6,000	£23,010	33.6%
I	£54,000	£4,850	£6,000	£44,760	20.1%

Thus, whatever the level of need, the school only has to contribute the same amount with the rest of the costs being met by the Local Authority. There should be no financial reason for a school not accepting a pupil with a high level of need.

The Local Authority has calculated the contributions which every school & Academy will have to make towards the provision of resources for their High Needs Pupils and the Top Up from the Local Authority. A summary for pupils not in Special Resourced Provision is shown in Table 5 below:

Table 5: Breakdown of contributions for High Needs Pupils in Mainstream Schools 2013/14

Sector	High Needs Pupils	School: Elements 1 & 2	LA : Element 3	Total	% borne by schools
Primary	230	£1,814,158	£1,826,070	£3,640,228	49.8%
All-through	17	£130,243	£58,081	£188,324	69.2%
Secondary	166	£1,216,038	£456,044	£1,672,082	72.7%
Academies	138	£810,873	£271,506	£1,082,379	74.9%
Total	558	£3,988,528	£2,714,109	£6,702,637	59.5%

Note that £67,880 of the LA contribution will come from other Local Authorities.

This can be compared with previously presented information on funding for High Needs Pupils in the current financial year which does not include the AWPU funding.

Table 6: Breakdown of contributions for High Needs Pupils in Mainstream Schools 2012/13

Sector	High Needs Pupils	School: Elements 2	LA : Element 3	Total	% borne by schools
Primary		£1,499,290	£1,189,443	£2,688,733	55.8%
Secondary		£1,530,142	£319,983	£1,850,125	82.7%
Total		£3,029,432	£1,509,425	£4,538,837	66.7%

The school contribution does not include AWPU since the Resource Ladder Levels operating in 2012/13 were fixed at a lower rate than for special schools to take account of the fact that mainstream schools also received AWPU for pupils with statements. The important point to be made here is that the contribution by the Local Authority to the overall cost of resources to support High Needs Pupils has risen by **£1.205m**.

In the High Needs Block report to Schools Forum in September 2012, the issue was raised concerning those few schools where their contribution towards elements 1 & 2 would mean

that a significant proportion of their notional AEN budget would be used up supporting High Needs Pupils, leaving insufficient funding to support high incidence / low needs SEN pupils. The DfE had advised that *“Where necessary, local authorities will be able to provide additional funding for mainstream schools or Academies where the number of their high needs pupils cannot be reflected adequately in their formula funding.....We suggest that this should be done on the basis of a set of principles, and might be done on a formulaic basis.”*

At that meeting it was agreed that the Local Authority would make a further allocation to those primary schools where the cost rose above 50% of the notional AEN budget and for any secondary school where the cost rose above 60% of the notional AEN budget. On the basis of the current values for notional AEN funding the following schools would qualify for additional SEN support in 2013/14:

Table 7: Mainstream schools qualifying for additional SEN Support in 2013/4

School	Elements 1&2	Notional AEN	Percentage	Additional SEN support
Chingford C of E JNR	£33,313	£53,783	61.9%	£12,843
Dawlish Primary	£65,151	£83,407	78.1%	£46,895
Handsworth Primary	£33,561	£65,931	50.9%	£1,191
Jenny Hammond Primary	£51,793	£89,831	57.7%	£13,755
Oakhill Primary	£36,960	£58,776	62.9%	£15,144
St Joseph's RC JNR	£50,238	£94,101	53.4%	£6,375
St Marys RC Primary	£31,570	£33,347	94.7%	£29,793
St Patrick RC Primary	£66,558	£129,867	51.3%	£3,249
Thorpe Hall Primary	£109,448	£191,664	57.1%	£27,232
Total				£156,477

Most of these schools were identified in the September report to Schools Forum. For these schools any new High Needs Pupil would be funded by the LA for all three elements. For other schools, any new High Needs Pupil in addition to the agreed list, the school will need to contribute £9,240 (primary) and £10,850 (secondary) with the balance being met by the Local Authority from the SEN central SEN Contingency.

Where an existing statement results in a higher assigned Resource Ladder Level, the full extra cost is likely to be borne by the Local Authority, unless it is a level D becoming a level E where part of the cost will fall to the school. A full breakdown of the High Needs Pupils funding for every school & Academy is set out in **Appendix B** to this report.

Different arrangements apply for **High Needs Pupils in Special Resourced Provision** and this was covered in some depth at the September meeting of Schools Forum.

Table 8 below sets out the funding arrangements for those schools with Special Resourced Provision. The Local Authority meets the full cost as schools do not receive AWPU for these pupils, nor are they included in the calculations for notional AEN funding.

Table 8: Special Resourced Provision in Mainstream Schools in 2013/14

School	Places (Apr-Aug)	Places (Sep-Mar)	Place-led Funding	Top-up Fees	Reserved Fees	Total funding
Davies Lane	18	18	£180,000	£252,500	£31,500	£463,500
Oakhill	6	6	£60,000	£27,000	£27,000	£114,000
South Grove	17	18	£175,833	£252,000	£24,938	£452,771
Whitehall	18	21	£197,500	£159,750	£24,750	£382,000
The Woodside	20	21	£205,833	£283,500	£40,688	£530,021
Buxton	12	12	£130,000	£153,500		£283,500
Frederick Bremer	12	12	£125,833	£178,500		£304,333
Heathcote	15	15	£150,000	£130,500		£280,500
Chingford	20	25	£229,167	£197,250	£15,750	£442,167
Highams Park	6	6	£60,000	£27,000	£27,000	£114,000
PRU	6	6	£60,000		£54,000	£105,000
Total	150	160	£1,574,167	£1,660,999	£245,626	£3,480,792

Chingford Foundation Special Resourced Provision:

The Local Authority and Chingford Foundation opened discussions in May 2012 concerning an agreement that the SRP provision at the school should be expanded to 30 places as there will be a lack of places within the borough from September 2013. The current provision for speech, language and communication needs (SLCN) would then also provide for pupils with high-functioning autism (Aspergers Syndrome) that may otherwise need to be educated individually with an external provider or in an independent provision at a cost of between £50-60,000 per year whereas places in an SRP would cost £25,750 (Level F).

However, any further expansion above the current 20 places requires additional accommodation at the school which can be provided by adaptation of existing buildings. The increase to 25 in September 2013 and further expansion after that date is dependent upon these building works being undertaken in the summer. SEN provision at the school was judged as being outstanding in its last Ofsted Inspection. The Local Authority has waited until the EFA agreed to fund the planned expansion of provision at the school before proceeding further, as without an agreement to the expansion, the building work would not be required.

The Local Authority has had discussions with the Academy on establishing firm estimates for the cost of the building work and the signing of a formal contract before funding can be released by the Local Authority. The Local Authority proposes to set aside approximately £300,000 as a contribution to the cost from the underspend on SEN in 2010/11 to meet the capital cost of the project. This is a spend to save project with a reasonably quick return on investment. An extra 4 students with high functioning autism placed at the school would save the Local Authority about £100,000 a year after taking account of fees and travel costs and therefore the project provides a quick return on the capital investment.

The Local Authority is therefore asking Schools Forum to endorse this use of SEN underspend.

Pupil Referral Units and Alternative Provision:

The arrangements from April 2013 were discussed in detail at the September 2012 meeting of Schools Forum. Broadly speaking the new arrangements are cost neutral for the Local Authority as the table below sets out:

Table 9: Central funding

Organisation	2012/13	2013/4	2013/14	2013/14	difference
	S251 statement	Place-led	Top-up	Total	
Pupil Referral Units	£1,907,283	£1,088,000	£630,000	£1,718,000	
Alternative provision	£607,245	£1,200,000			
Education out of School	£432,668				
Total	£2,947,196	£2,288,000	£630,000	£2,918,000	-£29.196

Another report to this meeting of Schools Forum covers feedback from the consultation on pooling arrangements for 2013/14 which includes pooling the for top-up fees payable by schools for PRU places.

Funding for LDD students aged 16-24:

This is the most complex area of funding and one which has been commented upon at both the September and December 2012 meetings of Schools Forum. The two significant changes are:

- (a) The EFA becomes responsible for payment of elements 1 and 2 to post-16 students in special schools & Academies from September 2013. Instead of receiving a flat £10,000 place-led funding which pre-16 students, special schools & Academies will receive the National Funding rate for LDD students of £4,997 plus a further £6,000 which is slightly more than £10,000 place-led funding for pre-16 pupils. The Local Authority will be responsible for paying the Top-up fee to bring total funding to the agreed level (e.g. the Resource Ladder Level set out in Table 2 above).
- (b) The Local Authority becomes responsible for making element 3 payments to sixth forms and colleges educating LDD students from Waltham Forest from September 2013. This function is currently performed by the EFA who will continue to make payments up to the end of the current academic year in July 2013. The Local Authority will engage with relevant organisations to identify the students who should receive support and determine the level of additional funding to be made as element 3.

Existing evidenced data shows that the Local Authority has the following number of LDD students aged 16-24:

Table 10: LDD Students aged 16-24:

Organisation	NOR
Mainstream Schools in WF and OB	14
WF Special Schools and Academies	102
WF Colleges	29
OB Colleges and other schools	38
Total	183

The Local Authority has been allocated **£0.544m** to continue making element 1, 2 and 3 payments to special schools & Academies for the remainder of the 2012/13 Academic Year and **£0.618m** for element 3 payments for the period August 2013 – March 2014 to both special schools & Academies and all other organisations from August 2013. Part of this funding will need to be used to fund the growth in post-16 students in our 5 special schools & Academies. In May 2012 numbers were 112 and this is forecasted to rise to 126 in April 2013 and 138 in September 2013. However about a third of the students are out-borough.

£0.618m equates to **£6,437** per student for a full year. This may be enough for most college based students where element 3 payments are usually under £8,000 but this falls well short of the element 3 payment for a Resource Ladder Level E of £15,750 in a special school & Academy.

SEN Control Total and forecasted expenditure for 2013/14:

The SEN Control Total has been set at **£33.129m** as shown in Table 1. It is possible that a further adjustment in funding for LDD students aged 16-24 will raise this figure slightly higher.

The Local Authority is reasonably confident that it can contain relevant expenditure within this Control Total now that the EFA have announced the extra **£0.461m** for growth. It is possible that expenditure may rise and this is why the Local Authority wishes to keep any SEN underspend after contributing to capital project at Chingford Academy as a contingency fund.

Action by Schools Forum

- 1. To note the new figures for the High Needs Block and SEN Control Total.**
- 2. To agree the new rates for the Resource Ladder Levels for special schools & Academies and mainstream schools & Academies.**
- 3. To agree that the minimum funding guarantee for Belmont Park is extended so that there is no reduction in average funding for Waltham Forest Pupils in 2013/14 compared with 2012/13.**
- 4. To agree that SEN underspend for 2010/11 up to £300,000 be earmarked for capital works at Chingford Academy to expand provision from 20 to 30 students and to widen provision to include high-functioning Autism.**