

Schools Forum 19th September 2012

The High Needs Block – For information and discussion

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Executive Summary:

There are FOUR sections to this report:

- Forecasted size of the High Needs Block
- SEN funding for mainstream schools and PVI settings
- Funding for Alternative Provision and PRUs
- Funding for Special Schools, other specialist provision and support services

High Needs Block:

Although the High Needs Block is not ring fenced, the Local Authority is planning to spend within the size of the forecasted High Needs Block as this makes it easier to determine funding delegated to schools with the Schools Block. At this stage there are still significant uncertainties about costs to be borne within the High Needs Block and therefore the Local Authority needs to be cautious about commitments.

Appendix A gives a full breakdown of funding which makes up the High Needs Block and the risks which the Local Authority will have to bear. The current estimate for this Block is **£33.207m**. This will be adjusted by the EFA for post-16 provision and for the ending of inter-authority recoupment. Approximately £10m will cover place-led funding with the rest available for commissioning fees and support services.

SEN Funding for Schools and PVIs:

Whilst schools are protected through the minimum funding guarantee in respect of their delegated funding, there is no protection for changes in SEN funding. These changes will be significant for some schools as the change in funding is a combination of the normal change in numbers of pupils with SEN in a school but also the new funding mechanism in place from April 2013. **Appendix B** gives a breakdown on a school by school basis of the calculations of the funding removed from delegated budgets for 2012/13 and transferred to the High Needs Block, the funding that the Local Authority will give back to schools as commissioning fees and place led funding and the amount which schools will have to find from their notional SEN budget.

Appendix C sets out the SEN Notional budget for each school. The Local Authority is recommending for agreement by Schools Forum that the Local Authority makes an additional SEN payment to those primary schools where SEN commitments are greater than 50% of the SEN Notional Budget and 60% for secondary schools.

Alternative Provision and PRUs:

The report highlights the changes in funding arrangements for Alternative Provision and PRUs, with the latter now having delegated budgets. The model of £8,000 per place + top up fees where required changes the funding arrangements for schools who will be the biggest commissioner of places in PRUs.

Special Schools, other specialist provision and support services:

The report highlights the actions that the Local Authority is taking to confirm Special Schools & Academies budget shares by the end of November 2012 and reviewing expenditure on other specialist provision and support services.

(A) Forecasted Size of the High Needs Block:

In a report to Schools Forum on 16th May 2012, the Local Authority estimated that the High Needs Block was likely to be of the order of **£31.746m** (excluding centrally retained funding for provision such as CERA, Staff Supply costs / termination of employment contracts, Carbon Reduction Commitment and Servicing of Schools Forum). On July 12 2012, the EFA sent the Local Authority what it believed to be the baseline figure for the High Needs Block in Waltham Forest based on our section 251 return. The Local authority has requested that a number of adjustments be made to these baseline figures to accurately reflect what happens in Waltham Forest. The current figure is **£33.207m** which is 15.1% of all DSG funding. A full breakdown of the adjusted figures is set out in **Appendix A** to this report.

These figures will be further adjusted by the EFA to take account of data from the High Needs Pupil Survey which each local authority has been required to complete and return to the EFA.

The High Needs Pupil Survey identifies the number of places that the Local Authority requires for its pupils in specialist facilities both in Waltham Forest and elsewhere in 2013/14 and for which the Local Authority will meet the cost of the place-led funding and the commissioning fee. It also attempts to identify the number of pupils that other local authorities will meet the cost of (both place-led funding and commissioning fees). The place-led funding for these pupils will be added to the High Needs Block funding for Waltham Forest but the commissioning fees will be paid direct by these local authorities to the schools. This replaces the rather complex recoupment arrangements that exist at present where funding is collected in the following financial year. There is also some SEN underspend in 2011/12 which will be rolled forward to 2013/14 (see the separate report on DSG for 2012/13 and central underspends in 2011/12).

Another adjustment to be made for maintained special schools & Academies is that post 16-pupils will be directly funded by the EFA in the same way that post-16 pupils in mainstream schools & Academies are. This will be reflected again in a downward adjustment in the size of the High Needs Block. The assumption by the DfE is that this will be neutral in effect as the Local Authority will no longer fund these pupils. However, we cannot be sure of this at this stage and it remains a risk factor both for the Local Authority and for our special schools and special Academies with post-16 pupils.

Finally, from April 2013, local authorities will become responsible for post-16 provision for LDD in colleges. The EFA are currently calculating what additional funding will be added to the High Needs Block from funding currently paid by the EFA to such colleges. However, there is a general concern amongst local authorities that this once for all adjustment will not cover the expected growth in costs arising from young people remaining in full-time provision until they are 17 (and eventually 18) and the increase in cohort sizes now happening in primary provision when these cohorts reach 16+. Waltham Forest has identified this as a major risk for funding.

Table 1 below shows the figure that we have submitted to the EFA in respect of place-led funding for 2013/14.

Table 1 – Place-led funding to paid for by the Local Authority

Specialist provision	Places 2-16	Places 2-16	Places 16+	Places 16+	£ 2-16	£ 16+
	Apr - Aug	Sept- Mar	Apr - Aug	Sept- Mar		
Special Schools & Academies:						
Whitefield	283	286	43	48	2,847,500	459,167
Joseph Clarke	71	71	14	14	710,000	140,000
Belmont Park	52	57	3	3	549,160	30,000
Brookfield House (Academy)	82	85	0	0	837,500	
William Morris (Academy)	90	95	55	70	929,167	640,833
Sub-total	578	594	112	135	5,873,327	1,270,000
Mainstream Schools & Academies:						
Whitehall Primary	18	21			197,500	
The Woodside	20	21			205,833	
South Grove Primary	17	18			175,833	
Davies Lane Primary	18	18			180,000	
Oakhill Primary	6	6			60,000	
Frederick Bremer	6	6			60,000	
Chingford (Academy)	18	21			197,500	
Buxton	12	12			120,000	
Highams Park (academy)	6	6			60,000	
PRU	6	6			60,000	
Sub-total	127	135			1,316,666	
Alternative Provision:						
Hawkswood Primary PRU	26	26			208,000	
Burnside Secondary PRU	84	84			672,000	
Hawkswood centre	26	26			208,000	
Maintained Alternative Provision	156	157	5	3	1,252,667	30,667
Sub-total	292	294	5	3	2,340,667	30,667
Independent Provision:						
Walthamstow Academy	12	12	1	3	120,000	21,667
Independent and non-maintained	46	39	14	21	419,167	180,333
Sub-total	58	51	15	24	539,167	202,000
Total	1055	1074	132	162	10,069,827	1,502,667

We are forecasting that **£11,572,494** will be ring-fenced for place-led funding of which **£1,502,667** will be withheld by the EFA for direct payment settings with post-16 provision.

We have also submitted as a part of the return that we have 25 high needs pupils attending specialist SEN settings in other local authorities of whom 6 are post-16. We also have 32 high needs pupils of whom 1 is post-16 attending mainstream settings in other local authorities. We also have 1 pupil in an alternative provision outside of Waltham Forest. Therefore for these pupils, we will have a further **£578,000** deducted from our High Needs Block funding and transferred to the High Needs Block of these local authorities. We will also pay the commissioning fee over and above this figure. The main local authorities where our pupils are based are:

Redbridge	15
Essex	9
Kent	7
Hackney	5
Haringey/Islington/Newham	4 (each).

(B) SEN funding for mainstream schools and PVI settings:

It can be seen from **Appendix A** to this report that some **£6.409m (19.3%)** relates to high needs funding in mainstream schools in respect of:

- Mainstream maintained schools IARs £4.131m
- Mainstream maintained schools – SRPs £1.739m
- Academies – IARs and SRPs £0.502m
- Nursery Schools – IARs £0.036m

This is funding that has been taken out of funding delegated to these schools & academies for 2012/13 and transferred to the High Needs Block. In this section of the report we attempt to explain the implications for individual schools.

Stage 1:

Consists of identifying the funding that has been taken out of each school's budget share for 2012/13. Columns A to E in **Appendix B** relate to funding which schools have had deducted from their school budget share.

Column A is the IAR funding which schools met from their own AEN budget.

Column B is the IAR funding that the Local Authority provided through SEN.

Column C was the funding that the Local Authority provided for pupils in SRPs.

Column D is the loss of AWPU for SRP pupils as they no longer count in the total roll of the school.

Column E is the total SEN budget share for 2012/13 including AWPU for SRP pupils.

Some **£6,325,342** (e.g. all except AWPU) has been transferred to the High Needs Block.

Stage 2:

Consists of calculating the funding that schools would have received had SEN funding been calculated using the new funding arrangements from April 2013.

It is important to note here that as part of the new funding arrangements the value of each level of the resource ladder has to be broadly the same whether a pupil is in a mainstream school, special resource provision attached to a mainstream school or in specialist provision. As previously reported, the level of funding for pupils in mainstream schools was below the level in specialist provision. This means that the cost of individual assigned resources (IARs) has risen significantly as shown in the **Table 2** below:

Table 2 – Changes in funding for mainstream pupils with SEN

Resource Ladder Rate	Current Rate	Revised rate
D	£10,634	£14,041
E	£13,771	£18,677
F	£15,741	£25,478
G	£20,639	£28,284

For simplicity this table refers to primary aged pupils only and the current rate is inclusive of the AWPU for KS2 as a comparator.

Column F shows the contribution that a school must make from its own delegated budget e.g. the AWPU rate + £6, 000 (e.g. elements 1 and 2 of the new funding arrangements for high needs pupils. The latest forecast is that the AWPU rate will be **£3,080** for primary schools and **£4,847** for secondary school (see report on Local Funding Formula).

In some cases the contribution will be less than £9,080 for primary and £10,847 for secondary as the statements levels for B and C remain below these trigger points. Nonetheless the fact that schools must meet the first £9,080 (primary) or £10,847 (secondary) has increased the costs for schools from **£3.029m** (Column A) to **£4.009m** (Column F).

Column G shows the contribution that the Local Authority must make e.g. the cost of the provision above the thresholds referred to above. The total cost has risen from **£1.509m** (Column B) to **£3.047m** (Column F).

Column H shows the contribution that the Local Authority must make towards the placement of a pupil within the Special Resource Provision (e.g. Place led funding of £10,000 plus the commission fee which is dependent on the level of need which together are equivalent to the rates shown in Table 3 above for primary schools and £1,000 higher for secondary schools).

Column I shows the total SEN funding e.g. the aggregation of columns F, G and H.

Column J shows the change in contribution by the school to the cost of the IAR under the new funding arrangements. This is higher for all schools since the value of the AWPU is now included within the contribution as well as the first £6,000 of the resource ladder level and the Local Authority no longer meets the full cost for the value of resource ladder for small primary schools.

Column K shows the change in contribution by the Local Authority. In most cases this is an increase as the value of the resource ladder has been raised. But in a few cases e.g. **Chingford C of E Junior, Edinburgh Primary, Our Lady's and St. George's RC Primary and St Mary's RC Primary** it has fallen because the Local Authority is no longer meeting the full costs of some statements.

Column L shows the net change in funding by the Local Authority for Special Resource Provision. There is a slight reduction in funding arising from the fact that the AWPU loss is greater than the increase in funding to compensate for that loss (e.g. £3,000 has been added to the existing resource ladder rate for primary schools and £4,000 to secondary schools whereas AWPU rates are £3,080 and £4,847 respectively).

A Notional SEN Budget

For every high needs pupil, other than those in a Special Resource Provision, the school is now expected to

- contribute £6,000 from their delegated budget over and above the AWPU that they receive with the Local Authority providing the balance through a commissioning fee; and in addition

- meet the needs of pupils with low-cost, high incidence SEN.

As part of the School Funding Reform process, the DfE have stated that within the delegated budget for each school there is to be a notional SEN budget. The DfE have left it to local authorities to determine what this might be and inform schools.

However, the DfE have given guidance to local authorities on how they might construct the notional SEN budget for a mainstream school or Academy. According to them the national average for notional SEN budget is approximately £350 per pupil based on local authority section 251 returns. Their notional SEN budget is constructed using AWPU, Deprivation and Prior Attainment which is the low cost - high incident factor within the Local Funding Formula. The balance between these factors is left to local authorities to determine. The DfE used @4% of AWPU, @ 45-60% of Deprivation and 100% of Prior Attainment in their calculated examples.

The Local Authority is proposing that the notional SEN budget for each school is calculated from all the factors in the targeted pupil support funding and the AWPU. This means including EAL and Mobility as well although with a lower percentage as there is less of a correlation with SEN. The proposed breakdown of funding is shown in **Table 3** below:

Table 3 – Notional SEN Funding within delegated funding to schools

Funding Source	Percentage	£m	% of total
AWPU	2%	2.555	14.1%
FSM	50%	5.493	30.3%
IDACI	50%	3.872	21.4%
EAL	20%	0.845	4.7%
Prior Attainment	100%	4.735	26.1%
Mobility	20%	0.657	3.6%
Total		18.118	100%

Appendix C to this report shows what this would mean if this is translated into proposed funding for schools in 2013/14 (see also the report on factors within the Local Funding Formula) and compares it with the contribution that schools would have had to make towards these high needs pupils in 2012/13.

Using the percentages in **Table 2** above produces an average of **£443** per pupil for primary and **£672** for secondary. The difference is explained by the fact that secondary schools receive overall 48.4% extra funding per pupil. This seems to be about right given that the percentage of pupils with SEN in Waltham Forest is significantly higher than the national average. However, several issues arise from this exercise and the Local authority would like the views of Schools Forum on them.

- Firstly, should we be including part of the funding for EAL and mobility? If so, is a lower percentage right?
- Secondly the Local Authority is proposing only 2% of AWPU since the percentage of funding allocated through targeted pupil support is much higher than the national average. Is this the right approach to take?

- The revised school finance regulations allow local authorities to give extra SEN funding over and above any commissioning fees to those schools which face significantly greater costs (as a proportion of their budget) in supporting high needs pupils. The exact words used are *“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 agreed principles, and might be done on a formulaic basis.”*

Column C shows the percentage of the notional SEN budget absorbed in meeting a school's contribution to the Individual Assigned Resources for high needs pupils at the school. The average across all schools is about **22%**, but the highlighted schools (6 primary and 1 secondary) will need to use over **50%** of their notional SEN budget supporting high needs pupils. In recent years the Local Authority (after agreement with Schools Forum) has topped up the funding for such schools so that it was not over a certain percentage.

The Local Authority would like to continue with this practice by ensuring that the cost of the high needs pupils does not rise above a certain threshold e.g. somewhere between 50-60%. The cost would be met from the High Needs Block and therefore has no direct effect on funding for other schools in the Local Funding Formula.

Table 4 below shows the additional funding that would be allocated to these schools to bring them up to a 50-60% threshold:

Table 4 – Cost of implementing a threshold protection between 50% and 60%

School	% of Notional SEN	50%	55%	60%
Chingford C of E Infants	74%	£27,673	£19,855	£13,497
Dawlish Primary	54%	£7,092		
Greenleaf Primary	58%	£27,693	£10,100	
Our Lady's and St Georges RC Primary	60%	£12,050	£5,439	
Handsworth Primary	55%	£6,105		
St Mary's RC Primary	174%	£79,001	£68,924	£60,723
Chingford Academy	70%	£193,592	£131,635	£81,252
Total		£353,206	£235,953	£155,472

The Local Authority believes that we should adopt a differential approach between primary and secondary as the later are better funded per pupil and have larger budget shares whereas the primary schools concerned are either 1FE or 2FE schools. Therefore the Local Authority proposes that the threshold should be set at 50% for primary phase schools and 60% for secondary phase schools. This would cost **£240,866** based on current pupil data and would be met from the High Needs Block.

(c) Funding for Alternative Provision and PRUs:

The third section of this report looks at the implications for both the Local Authority and schools of the new funding arrangements for Alternative Provision and for the PRUs. The funding arrangements for this provision now fall within the High Needs Block.

Alternative Provision:

The Local Authority acts as a commissioner of places and enters into contractual arrangements with a number of independent, voluntary and commercial providers to provide places on behalf of schools. Most young people are at KS4 and in their final year of statutory education. The funding arrangements for 2012/13 are set out in **Table 5** below:

Table 5 – Funding for Alternative Provision in 2012/13

Source	£	%
Centrally retained - education out of school	405,900	38.4%
Additional DSG agreed by Schools Forum	100,000	9.5%
Council Overheads	101,345	9.6%
Fee Income	209,000	19.8%
Pooled funding by secondary schools	240,000	22.7%
Total funding	1,056,245	100%

Based on a notional capacity of 150 young people the cost is **£7,040** per placement which is well below the nationally agreed place led-funding of **£8,000** per place. The breakdown on expenditure is set out in **Table 6** below.

Table 6 – Planned expenditure on Alternative Provision in 2012/13

Expenditure	£	%
Employees	137,500	13.0%
Premises	48,000	4.5%
Supplies & Services and Transport	69,800	6.6%
Contractors	590,700	55.9%
Council Overheads	101,345	9.6%
Contingency	108,900	10.3%
Total Costs	1,056,245	100%

The High Needs Pupil survey completed by the Local Authority shows 164 young people receiving alternative provision in the period from March to August 2012. This includes some pupils with SEN. Our expectation is that numbers will broadly remain at that level in 2013/14. In the return we have shown the need for 161 places of which 5 are post-16. 150 places will be provided through the Local Authority. Eleven places will be for pupils with SEN who will be placed with private and independent providers. A budget of **£0.250m** has been set aside for these pupils (£88,000 place-led funding & £162,000 commissioning fees).

For the 150 pupils, under the new funding arrangements, the Local Authority, as the maintained provider, will receive the place-led funding of **£8,000** per place in 2013/14 which amounts to **£1.200m** which is significantly more than current budget provision of **£0.956m**.

The average current cost of placements in other institutions is well below the place-led funding and is likely to remain so, although there is expected to be some increase in contract prices for 2013/14 as existing ones are well below national average.

Nonetheless, placement in Alternative Provision commissioned through the Local Authority on behalf of schools is expected to remain free at the point of delivery to schools, although schools will lose their AWPU from the date of exclusion from school (e.g. taken off roll) for the period up to the end of the financial year, or the end of the school year if that is earlier

(e.g. July). As schools will in future be funded on the October Census Count it is important that Year 11 placements remain on the school roll and placed as “early intervention” as schools will not have to repay AWPU at this stage (see paragraph on claw back of AWPU later on in this section).

However, if schools arrange their own Alternative Provision with other providers they will have to pay the full commissioning fee charged by that organisation. It therefore makes financial sense for secondary schools and Academies as a group to negotiate with the Local Authority to ensure that contractors commissioned by the Local Authority cover all local needs.

Financial Impact for the Local Authority:

For the Local Authority there is a cost pressure on the High Needs Block since **£1.200m** is significantly greater than the **£0.607m** built into the High Needs Block – a shortfall of **£0.593m**. However, funding for Alternative Provision should not be looked at in isolation and it is the net effect of changes in funding arrangements for Alternative Provision, PRUs and IARs which should be taken together for assessing the impact on the Local Authority and schools & Academies and this is covered further down in this section of the report.

Financial Impact for Schools:

Clearly, secondary schools will benefit from the new funding arrangements since provision will remain free at the point of delivery but they will no longer have to contribute the pooled funding of **£0.240m** and any further fees forecasted at **£0.209m** for 2012/13 as there are not expected to be any commissioning fees over and above the place-led funding.

Pupil Referral Units:

The current funding arrangement for the PRUs is set out in **Table 7** below.

Table 7 Current funding arrangements for the Pupil Referral Units

Funding Source	£	%
(a) DSG		
Forest Pathways	259,102	8.7%
PRU Core	245,000	8.2%
Key Stage 1 & 2	379,137	12.7%
Key Stage 3	212,515	7.1%
Key Stage 4	368,593	12.3%
Education Plus	381,253	12.8%
Additional DSG funding agreed by Schools Forum March 2012	100,000	3.4%
Council Overheads	366,322	12.2%
(b) Income from Schools and Academies		
Fees charged to Academies	60,000	2.0%
Pooled funding from Primary Schools	148,500	5.0%
Pooled funding from Secondary schools	471,500	15.8%
Total funding 2012/13	2,991,923	100%

Planned expenditure is set out in **Table 8** on the next page.

Table 8 – Planned expenditure for the Pupil Referral Units for 2012/13

Expenditure	£	%
Employees	2,261,600	76.0%
Premises	7,200	0.2%
Supplies & services and Transport	256,700	8.6%
Contractors	1,100	0.1%
Contingency	100,000	3.4%
Council Overheads	366,322	12.2%
Total Planned Expenditure	2,991,923	100%

In organisational terms, provision is through three PRUs which have the following capacity and pupil numbers as recorded in the School Census count in January 2012. The breakdown is shown in **Table 9** below:

Table 9 – Size of Pupil Referral Units

PRU	Capacity	Occupancy Count
Primary PRU	32	26
Secondary PRU	100	80
Hawkswood	32	26
Total	164	132

New funding arrangements come into play from April 2013. Pupil Referral Units will have delegated budgets like any other school. However, their funding will be very similar to other specialist providers e.g. place led funding and the balance through commissioning fees paid either by the local authority where a child is not on the roll of a school and by the school where a child remains on the roll of the school.

The Local Authority has worked with Julian Lee, Executive Head of PRU to calculate the forecasted delegated budget share for 2013/14 and what should be the level of commissioning fees charged to the Local Authority and schools & Academies.

Table 1 at the beginning of the report shows that the Local Authority has requested place-led funding for 136 pupils (26 each at the primary PRU and Hawkswood Centre and 84 at the secondary PRU of whom 45 are expected not to be on the roll at a school and attending the Forest Pathway programme. This reflects the current take-up of places.

From April 2013, the PRUs will have to meet the full premises costs including rates and therefore this is likely to increase total expenditure by about **£47,000**. However, for planning purposes we are assuming that expenditure remains the same at **£2.992m**. However, the source of income will change and this is set out in **Table 10** below:

Table 10 – School Budget Share for the Pupil referral Units in 2013/14

Source of Income	£	%
Place-led funding (136 places)	1,088,000	36.4%
Local authority (45 students)	629,975	21.1%
Schools (91 students)	1,273,948	42.6%
Total	2,991,923	100%

Financial Impact for the Local Authority:

After taking account of place-led funding, the income that will need to be generated through commissioning fees will be **£1.904m or £14,000** per student (rounded) of which **£1.274m** will have to be generated by income from schools if forecasted expenditure is to be fully covered. Any increase in expenditure would further increase the level of commissioning fees.

At the moment, the Local Authority retains **£2.312m** (see **Table 7** above). Under the new arrangements it will only have to find **£1.718m** (place led funding and fees for 45 students at Forest Pathways) **which is £0.594 less** than at present.

Financial Impact for Schools:

Currently Schools & Academies contribute **£0.680m** through fees charged to Academies and pooled funding from primary and secondary schools. Under the new arrangements outlined above schools & Academies would need to contribute **£1.274m** for the PRUs to break even which is an increase of **£0.594m** (as the LA has to find £0.594m less). This is a direct consequence of the School Funding Reform and the desire of the DfE that schools meet the cost of their actions.

To avoid a perverse financial incentive for mainstream schools & Academies to permanently exclude pupils, there is a differentiation over claw back of AWPU for schools using Alternative Provision or PRUs. The arrangement is as follows:

- In instances of fixed-term exclusions, early intervention or off-site direction, mainstream schools and Academies will pay the top-up funding to meet the remaining cost of provision after place-led funding but will not have to pay back AWPU to the Local Authority. This includes short-term and part-time placements
- Where a pupil is permanently excluded / removed from roll, mainstream schools and Academies must repay the AWPU to the Local Authority who is now responsible for paying the top-up funding to the Alternative Provider or PRU.

In addition, whilst the cost of a full –time placement for a year at a PRU is likely to cost **£14,000**; many pupils are placed on a short-term and/or part-time basis. The DfE view is that for consistency across the country top-up funding should be calculated:

- On a half-term basis for short-term placements; and
- Daily rate for part-time placements.

Using the above figures the relevant rates (rounded) would be:

Half-term: (FT placement)	£2,333.33	[£14,000 / 6]
Daily rate:	£73.68p	[£14,000 / 190]

The PRU would need to invoice schools on a monthly for part-time students or half-termly for full-time students in order to generate a cash flow that was sufficient to offset expenditure. This will mean a significant increase in workload for both the PRU and for individual schools & Academies.

At the moment, under the current pooled arrangements, admission to the PRUs is free at the point of delivery and admissions are monitored through the Fair Admissions Panel and by the management committee for the PRUs to ensure that no school is blatantly abusing the system. The nature of intakes to schools will always mean that some schools will use the service more than others.

Contrary to what the DfE have said, with commissioning fees likely to be set at £2,333 .33 per half term for a full-time placement or £73.68 per day, schools may see that the cheaper option (even after taking into account the loss of AWPU at £3,080 for primary and £4,087 for secondary) is to exclude. This would seriously undermine the excellent practice that currently exists in Waltham Forest where permanent exclusions are very low.

Therefore, Julian Lee Executive Head of PRUs will be discussing with primary and secondary schools & Academies the option of schools collectively de-delegating funding. The scheme would operate as follows:

- The Local Authority will transfer **£0.594m** from the High Need Block to schools & Academies as an additional SEN payment (distributed between schools & Academies in proportion to their Notional SEN Budget).
- When added to the current pooled funding and fee income of **£0.680**, this would match the commissioning fee income of **£1.274m** referred to in Table 10 above.
- Primary and Secondary school representatives on Schools Forum would then be asked at the October meeting of Schools Forum to agree to de-delegate funding e.g. to manage a collective risk by pooling funds.
- Existing guidelines to ensure that all admissions were bona fide and that individual schools did not make excessive use of the PRUs would need to be reviewed.

The net effect would be that there would be no increase in the current cost to schools, but it would remove uncertainty of funding for the PRU in its first year as a school with delegated budgets. It would also remove the need for invoicing, however records will be kept of what would have been the commissioning fees on a school by school basis.

This would be for one-year only with a review built in to consider whether from April 2014 the scheme should continue or revert to full market conditions. For Academies, they will either be able to opt into the pooled funding arrangement, or pay market rates for individual pupils.

There will be a full report back to Schools Forum at its next meeting in October.

Movement of funding between the Local Authority and Mainstream Schools

The DfE expectation is that the new SEN funding arrangements would be broadly neutral in effect on Local Authorities, between Local Authorities and for schools and that if it were not, the Local Authority should look at ways in which it could minimise the effect, especially for schools where there is no protection through MFG. **Table 11** below summarises the impact on the Local Authority and on schools of the shift of SEN funding between the High Needs Block and Schools Block.

Table 11: Shift in SEN funding between High Needs Block and Schools Block

	Individual Assigned Resources	Alternative Provision	Pupil Referral Units	Total
Local Authority:				
Current 2012/13	0	607,245	2,312,000	
Forecasted 2013/14	-1,132,288	1,200,000	1,718,000	
+/-	+1,132,288	-592,755	+594,000	+1,133,533
Schools:				
Current 2012/13	6,325,342	449,000	680,000	
Forecasted 2013/14	5,193,054	0	1,274,000	
+/-	-1,132,288	+449,000	-594,000	-1,277,288

What this table shows is that the net effect of the adjustments in the funding blocks for SEN is to shift funding to the High Needs Block but with the Local Authority having funding left over after meeting all its commitments to schools. On the other hand it leaves schools with the same commitment to support SEN but less funding to do so. However, this is based on status quo (e.g. current pupil data) and this may change for 2013/14 e.g. increased commissioning fees for pupils in special resourced provision.

However, the Local Authority is considering whether or not it will be possible to provide schools with some additional funding from the High Needs Block as transitional protection, to offset the cost pressures on SEN. This would be allocated in proportion to the Notional SEN Budget for a school.

(d) Funding for Special Schools & Academies, other specialist provision and support services

For special schools & Academies, the Local Authority intends to bring a report to Schools Forum at its meeting in November. By then the Local Authority will have completed its analysis of the funding requirement for Waltham Forest Pupils attending special schools & Academies. The steps in this process are:

- To confirm the place-led funding as soon as the EFA provides the Local Authority with that information (based on our submitted Pupil Survey data in Table 1).
- To confirm the number of current pupils for whom the Local Authority will be paying a commissioning fee for the period April 2013 to August 2013 and the agreed commissioning fee for each pupil. This will determine the size of the monthly payment to Special Schools for the period April to August 2013.
- To identify leavers in August 2013 and new admissions in September 2013 and the agreed commissioning fee for new entrants. This will determine the size of the monthly payment from September 2013.
- To agree and sign off Service Level Agreements for all outreach and support services provided by Special Schools which includes the funding for those services in 2013/14.

- To inform other Local Authorities with children attending our Special Schools & Academies what is the size of the commissioning fee which should be paid to them for those children who are currently pupils at these schools & Academies.

Under the new funding arrangements, the payment of commissioning fees for post-16 pupils now falls to be paid by the EFA. The presumption is that will be at similar rates for existing pupils. However, the EFA have indicated that where there is an increase in post-16 numbers there may be a lagged payment as there is for growth in post 16-funding for mainstream schools and colleges.

Where the number of pupils identified by the Local Authority falls short of the number of places available, special schools & Academies are able to market those places to other Local Authorities. This means it is imperative that the Local Authority identifies all the pupils for whom it needs a place at local schools & Academies. The new funding arrangements do not allow the Authority to reserve places, although it may be able to agree some flexibility on this matter.

Unlike the Schools Block, Local Authority expenditure on support services for pupils with SEN and for those receiving alternative provision is not cash limited and the Local Authority is reviewing service provision e.g. central provision for pupils with SEN and social inclusion.

Action by Schools Forum:

1. To note the content of the report.
2. To comment upon the financial implications for the Local Authority and Schools of the changes to SEN funding arrangements.
3. To discuss the proposals from the Local Authority concerning how the SEN Notional budget is calculated and the payment of a top-up to primary schools where funding contributions for High Needs pupils accounts for more than 50% of the Notional SEN Budget in the case of primary schools and 60% in the case of secondary schools.

The Local Authority advises that all members of Schools Forum are able to discuss and vote, if required, on issues within this report.