

SCHOOLS FORUM – 17 JULY 2014

Title of paper:	HIGH NEEDS BLOCK FUNDING
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Summary	
<p>This report presents the 2014/15 Dedicated Schools Grant High Needs budget allocation.</p> <p>The allocation has been prepared in line with the parameters set out in the financial regulations issued by the Department for Education (DfE) and the Children’s and Families (C&F) Act 2014.</p> <p>On the 24 April 2014, the schools budget was presented to Schools Forum; this report only included the Schools and Early Years. The report stated that the setting of the High Needs budget would form part of a separate report due to the delays in High Needs data being issued by the DfE and the quantification of the Children’s and Families Act 2014.</p>	
Recommendation(s):	
1	To note the value of the 2014/15 High Needs block allocation of £24.727m referred to in section 5 and detailed in Appendix A.

1. REASONS FOR RECOMMENDATIONS

- 1.1 To provide Schools Forum (SF) with a 2014/15 High Needs budget position based on the approvals gained in accordance with the Schools and Early Years Financial Regulations 2013 and the C&F Act 2014.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The 2014/15 High Needs funding is in a period of transition; this is due to the introduction of the revised school funding arrangements introduced in April 2013 and the requirements of the C&F Act 2014. There are currently a number of projects being undertaken to significantly rework the budgets in the High Needs block ready for implementation in 2015/16, these are Mainstream Schools, Special Schools, Cross Border, FE/Independent, Pupil referral Units, and Central Services.

2.2 Mainstream Schools.

The 2014/15 budget for Mainstream Support Group (MSG) (also referred to as School Action plus funding) has been increased year on year by £0.500m. This increase reflects both the increased volume and complexity of pupils with special educational needs in mainstream settings. This issue was referred to in a report presented to SF on the 14 January 2014 titled Implications of introducing the new 0-

25 Special Educational Needs (SEN) System (Children and Families Bill 2013). This report highlighted the increased costs surrounding pupils at Level 5+.

2.3 From 2015/16 it is proposed that there will be a number of changes to MSG funding to better align to the requirements of the C&F Act:

- A rationalisation of the number of MSG levels, with 6 Levels (L5-L10) translating into 3 new bands (A-C). This will lead to more stability of funding with individual pupil allocations requiring less frequent review and it will make the system more easily understood by parents of pupils with Education, Care and Health Plans (ECHP).
- The historic Level 1 - 4 element of the funding will be disaggregated from the named pupil allocations. Schools will instead receive an Additional Inclusion Allocation amounting to £4,017 per L5+ pupil (pro-rata) that they had in school in the previous academic year. This is consistent with the approach that all schools were consulted on in July 2012 during the implementation of the 2013/14 school funding reform. This allocation, as not targeted to named pupils, will not be eligible for release into Personal Budgets without the specific permission of Head Teachers.

2.4 The proposed allocations for the new bands, in conjunction with the Additional Inclusion Allocations have been designed to minimise financial impacts on schools. The SF sub-group commenced consultation of this approach during the meeting held on the 27 June 2014. The Schools Forum sub-group were consulted on the detailed proposals on 27 June 2014 and supported the principles. Discussions also highlighted the pressures on school budgets relating to making provision for pupils with additional needs and a need to review the fairness of the distribution of notional SEN budgets.

2.5 It should be noted that funding is also provided to non-maintained settings for Early Years pupils with Special Education Needs (SEN), this is currently funded from the Early Years Block.

2.6 Special Schools

In 2014/15, Special Schools have continued to receive transitional financial support within their budgets to enable a smooth transition to the revised school funding arrangements which commenced in April 2013.

2.7 The allocation for 2014/15 is at lower level compared to the previous year and was referred to in the SF 2014/15 Schools Budget report on 24 April 2014. This takes the form of a contribution to overhead costs for unfilled places, over and above the £10,000 received per planned place. In 2013/14 schools received the full top-up value for unfilled places.

2.8 During 2014/15 the Local Authority (LA) will be working with Special School Head Teachers to review the level of top-up funding received by each school. This exercise needs to take into account the changing pupil profile since the last Special School funding review which took place during 2010/11 and evaluate the continuum of top-up values between mainstream and Special Schools.

2.9 There is an increasing demand for Special School places resulting largely from an influx of pupils into the City with significant needs; a significant number of this increase are from Romania. The 2014/15 budget includes a £0.267m contingency which will pay for additional top-up funding where filled places are higher than

forecast in the indicative budgets; this will also allow the LA to commission a higher number of Special School places than planned if necessary.

2.10 Cross Border

In 2013/14 the inter-authority recoument arrangements ceased. This has generated issues with calculating/forecasting the level of net cross-border top-up funding for pupils in provisions outside of their home LA so in 2013/14 a prudent approach was taken to the budget setting process.

2.11 After a year under the new arrangements it is estimated that a budget of £0.386m will be prudent for 2014/15. The net cost of cross border SEN provision for 2013/14 was approximately £0.200m although it is feasible that revised claims may still be received from other LA's relating to 2013/14.

2.12 FE/Independent

The post -16 high level needs budget is for young people attending courses at colleges of Further Education. This budget was migrated into the DSG under new arrangements which commenced in September 2013.

2.13 Pupil Referral Unit's (PRU's)

PRU's are in their first full year with delegated budgets, to support this transition and the change to their funding allocation fixed budgets were issued for 2013/14 and 2014/15 based on the former LA budgets. This needs rectifying in 2015/16 to ensure compliance with the Schools and Early Years Financial Regulations 2013.

2.14 From 2015/16 the PRU's will be funded on a per-place and top-up funding basis. The level of top-ups will be determined in consultation with the PRUs; the consultation process will commence in 2014/15 with shadow budgets being developed to enable preparation for the implications of the revised funding basis in 2015/16.

2.15 Top-up funding levels for the PRUs will need to take into account the new business model for Alternative Provision when introduced.

2.16 Central Services

The proposed 2014/15 budget includes a year on year increase of £0.110m to fund additional staff in the SEN team. The additional funding will enable the SEN Service to respond to increases in pressure and demand due to the following:

- The Children & Families Act 2014 extends statutory protection of young people SEN from 3-19 (as it is now) to 0-25. This alone has the potential to increase the workload of the SEN Service by nearly one third.
- Over the next 3 years all young people with statements of SEN (almost 600) will have to be migrated over to the new EHCPs.
- The person and family centred approach to be adopted by the SEN team will support schools, children and families to ensure that the most effective provision is in place whether in mainstream or specialist placement.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 No other options are available as the recommendations align to the financial regulations issued by the DfE in relation to the allocation of DSG and the C&F Act 2014.

4. OUTCOMES/DELIVERABLES

4.1 To allocate the High Needs budget on a fair and transparent basis in accordance with the Schools and Early Years Financial Regulations 2013 and C&F Act 2014.

5. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

5.1 The initial 2014/15 budget allocation for the High Needs block is £24.727m out of an updated DSG allocation of £227.737m. Appendix A sets out the block allocations and reflects the latest budget position compared with the SF 2014/15 Schools Budget report in April. The initial DSG allocation was £228.310m, the reduction is to revised pupil numbers issued by the DfE.

5.2 Table 1 below shows the allocation of DSG:

TABLE 1: UPDATED DSG BLOCK ALLOCATIONS				
	Schools £m	Early Years £m	High Needs £m	Total
Budgets	175.410	18.247	24.727	218.385
Central Expenditure	8.194	1.159		9.353
Block Totals	183.604	19.406	24.727	227.737

6. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

6.1 The School and Early Years Finance (England) Regulations 2013 apply in relation to the financial year beginning on 1 April 2014 and set out the requirements in relation to the determination of a local authority's schools budget. This report seeks to address those requirements and those contained within the Children and Families Act.

7. OBSERVATIONS OF THE DIRECTOR OF FAMILY COMMUNITY TEAMS

7.1 Not required

8. HR ISSUES

8.1 None

9. EQUALITY IMPACT ASSESSMENT

9.1 An Equality Impact Assessment is not needed, as the report does not contain proposals or financial decisions.

10. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

10.1 None

11. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

11.1 Schools Forum - Schools Budget 2014/15 – 24 April 2014

11.2 Schools Forum - Implications of introducing the new 0-25 Special Educational Needs (SEN) System (Children and Families Bill 2013) – 14 January 2014.

11.3 DfE - Schools and Early Years Financial Regulations 2013.

11.4 DfE – Children’s & Families Act 2014

11.5 Executive Board - Schools Budget 2014/15 - 18 March 2014