**SCHOOLS FORUM MEETING – 10th December 2013**

**SEN Working Party Update Report - meeting 27TH November 2013**

**High Needs Block Funding Report**

1. **Introduction**

Since the last Schools Forum meeting a number of meetings have been held around the latest 2014-15 budget projections for the High Needs Block following the outcome of the High Needs Bandings moderation exercise, the final confirmation of the year 2 SEN Financial Plan budgets and the latest projections around the Post 16 funding.

It needs to be noted that in certain areas, especially around Post 16 this is a best estimate and that clarity of funding going forward is still awaited. Two EFA events on this scheduled to take place have now been cancelled and a new date awaited.

As a reminder previous discussions had agreed and subsequently re-affirmed that the following principles should be adopted in the introduction of any High Needs “Top Up” banding values:

* That the value of a top up value for a Band should be the same across all provision, that is, it should not vary depending on the establishment, and
* That top up values should be the only funding source over and above the per place funding of £10,000.
* The use of specific site factor costs was not considered a favourable option

The budget information presented (Appendix A) shows an overall gross pressure in 2014-15 on the High Needs Block of £107k. Ways of addressing this have been identified where known and others will be investigated once further clarity is received in terms of Post 16, any inflationary uplift etc.

Further refinement of the £800k in respect of the ESBD School has led to a release of funds. This is expanded on below. There has also been continued dialogue in terms of banding values, firm views has been expressed which the Council has listened to. However in making a decision then consideration of financial affordability has to be taken into account as well as taking into account, as far as is known, the change in complexity of need of our most vulnerable children.

1. **Risks**

The affordability does not factor in certain future potential risks. The financial effect of these are unknown at the current time but given the service and needs significant cost pressures could arise. Particular concerns:

* Future financial uplift in the High Needs Block. No guidance has been given by the EFA and will probably not be known until the DSG settlement announcement.
* Future increases in demand needs including the complexity of needs of our most vulnerable children
* Post 16 – this remains an estimate at this and work is on-going with providers. Again until the settlement is provided the funding available will not be known and the amount included at Appendix A may not reflect our final notification.
1. **ESBD School Update**

On Tuesday 5th November the Behaviour Task Group (a working group that reports to the SEN Strategy Group) met to review the position in respect of provision for Secondary aged pupils with challenging behaviour and/or SEBD.

Information was presented in relation to:

* The number of pupils who had accessed PRU places since Sept 2012
* The number of pupils who had accessed alternative provision places since Sept 2012
* The number of pupils with a statement of SEN placed in non-maintaining specialist provision out of authority
* Changes to the SEN Code of Practise in relation to pupils with challenging behaviour

This information was considered in the light of the establishment, of the Behaviour and Attendance Collaborative (BAC) from Sept 2012, and the proposal of 2011 to establish a 40 place SEBD school within NEL.

**Recommendations:**

1. Following 15 months of the BAC operating it is recognised that a 40 place SEBD school would not be the most efficient way of developing provision for pupils with SEBD/challenging behaviour. It is therefore recommended that the proposal to establish a school be withdrawn
2. The provision across PRU’s and Alternative provision is being over utilised. Reducing the capacity in this area would, therefore, not be helpful to schools.
3. The provision commissioned through alternative provision needs to continue to be improved in order to ensure that the educational needs of each of the young people in such provision is met, to ensure that they are able to access appropriate destinations post-16.

There are a number of parallel processes which will be followed to drive this improvement:

* A tight commissioning framework
* Outcomes focused commissioning
* Tight monitoring and holding providers to account
* Full delivery of a young person’s entitlement

In order to achieve this there must be a substantial investment in the area.

1. Expertise available to all providers (including schools) need to be reviewed in the light of the Children & Families Bill. Where Health are not able to deliver to educational requirements, consideration should be given to resources being used to support learners in all placements where mental health issues are impacting in their ability to access education.

The task group believes the above proposals offer an effective and financial efficient way of using resources identified for the establishment of an SEBD school to continue to develop appropriate provision for this vulnerable group of learners.

**This results in their final recommendation:**

1. The absence of resourced provision for pupils with ASD is having a detrimental impact on children with ASD in NEL and the development of this provision should be pursued as a matter of urgency utilising the resources made available by the above proposals.

**In conclusion**

* £185k is still required to fund the current level of place in PRU/Alternative and this was signed off at a previous School Forum Meeting e.g. no reduction in places
* An estimated £200k resourced provision with ASD
* The remaining £265k for developing provision for pupils with SEBD/challenging behaviour through a range of alternative providers

This potentially releases £150k of previously committed High Needs Block funding.

1. **High Needs Block Top Up Values**

**The moderation exercise**

The high needs assessment and moderation exercise carried out over the early summer resulted in the following high needs “per place” and “top up” costs projections:

* **Special Schools**

Per Place - £3,110,000

Top Up - £3,324,000

Total - £6,434,000

* **PRU’s**

Per Place - £944,000

Top Up- £995,003

Total - £1,939,003

The moderation was based on bandings ranging from 1 – 10 with the following values:

|  |  |
| --- | --- |
| **Banding** | **Top Up value £** |
| 1 | 0 |
| 2 | 0 |
| 3 | 0 |
| 4 | 1,000 |
| 5 | 2,300 |
| 6 | 5,500 |
| 7 | 8,000 |
| 8 | 11,000 |
| 9 | 14,500 |
| 10 | 26,000 |

It was very quickly concluded that the results gave a significant increase in funding to establishments which in the context of the current financial affordability envelope was not affordable. Consequently these banding values could not be used going forward.

The Council contacted a number of local / regional Councils to obtain their banding values. Whilst banding definitions and hence values and the needs of the children will not always be comparable the purpose of the exercise was to ascertain the range of banding values and compare these with the banding value used in the moderation exercise. The results of this work are detailed in the table below. Letter have been used to preserve other LA anominity:

|  |  |  |  |
| --- | --- | --- | --- |
| **Local Authority** | **Lower range value** | **Higher range value** | **Comments** |
| A | 1,000 | 18,000 | Individual amounts per Special Schools. Widest range shown. |
| B | 1,000 | 19,000 | One exception needs pupil receives top up of £39k |
| C | 1,000 | 16,000 |  |
| D | 1,000 | 22,000 | Individual amounts per Special Schools. Widest range shown. |
| E | 1,000 | 30,000 | Individual amounts per Special Schools. Widest range shown. |
|  |  |  |  |
| **NELC** | **1,000** | **26,000** |  |

The above table shows that the top up rates used in the moderation exercise are, with the exception of Authority E are significantly higher than other Local Authorities.

1. **Proposed Changes to Banding values**

**Moving forward**

In agreeing top up rates there has to be recognition of sustainability within the financial affordability envelope to allow schools and providers to be able to plan for the longer term without a variation in banding values on a yearly basis which could lead to financial instability. This said risks going forward have already been identified above in paragraph 2.

Putting affordability to one side then prior to using the rates in the assessment and moderation exercise the following questions need to be considered and addressed:

* 1. Has the level of need and complexity across the borough changed significantly since the last known financial baseline?
	2. Is this baseline a fair assessment, and
	3. The adoption of the moderated one value banding system across all establishments, who may have been funded under a different basis and historical arrangements may lead to winners and losers depending on the current mix of needs within each establishment

To resolve the affordability issue it is proposed to change amend the banding values as detailed below, changes highlighted in yellow:

|  |  |  |
| --- | --- | --- |
| **Banding** | **Moderated Top Up value (unaffordable)** | **Refined Top Up Value** |
| 1 | 0 | 0 |
| 2 | 0 | 0 |
| 3 | 0 | 0 |
| 4 | 1,000 | 1,000 |
| 5 | 2,300 | 2,300 |
| 6 | 5,500 | 5,500 |
| 7 | 8,000 | 6,800 |
| 8 | 11,000 | 10,000 |
| 9 | 14,500 | 14,000 |
| 10 | 26,000 | 19,000 |

**Special Schools**

The impact of these changes would be that the value of “Top Up” paid to both special schools would be £2,800,275. This represents an increase on this years protected top up values and additionality payments of £167,244 and builds in the additionality payments as a permanent item in the base going forward.

Given the increase noted above it is recommended that additionality payments are ceased with the ending of the current protection arrangements on the 31st August 2014.

**PRU’s**

A different operating model is proposed in respect of the PRU’s in that a place commissioning approach is pursued and a draft profile is shown in the table below. The impact of the proposed profile changes on the PRU’s would be an overall cost of £1,987,200 an increase on the 2013-14 financial year protected budget of £224,200.However within each PRU the position is different, for Phoenix House a decrease of £5,300 is forecast on the current protected budget whilst for YPC there is an increase of £229,500.

|  |  |
| --- | --- |
| **Banding** | **% of commissioned places** |
|  | **Phoenix** | **YPC** |
| 6 | 10 | 15 |
| 7 | 35 | 40 |
| 8 | 40 | 40 |
| 9 | 10 | 5 |
| 10 | 5 | 0 |
|  |  |  |
| Places | 68 | 50 |

1. **Conclusions**

Appendix A shows the current proposed usage of the High Needs Block based on the refined values after factoring in the findings of the Behaviour Task Group and further discussions on the banding values. It can be seen that a gross affordability issue of £107k still exists however ways of bridging this gap in part have been identified and other may be more clear once certain as yet unclarified information is received.

The above does not factor in the risks referred to above which could materialise and be significant. As a reminder these are:

* Future financial uplift in the High Needs Block. No guidance has been given by the EFA and will probably not be known until the DSG settlement announcement.
* Future increases in demand needs including the complexity of needs of our most vulnerable children
* Post 16 – this remains an estimate at this and work is on-going with providers. Again until the settlement is provided the funding available will not be known and the amount included at Appendix 1 may not reflect our final notification.

The Council is required to submit its annual high needs places return to the EFA in December and therefore has to consider the number of places it needs to commission for 2014-15. This is currently being worked on.

1. **Recommendations**

It is recommended that:

* the report be noted.
* on the ceasing of the current protection arrangements that the refined banding values proposed above be adopted, and
* the payment of future additionality payments on current children cease on the 31st August 2013.

**Contact Officers:**

Denise Faulconbridge – SEN & Inclusion Manager

David Kirven, Service Finance Manager – Business Partnering.