**SCHOOLS FORUM – 20TH MARCH 2019**

**SEN – HIGH NEEDS BLOCK ALLOCATION 2019-20**

**Introduction**

The purpose of this paper is to advise Schools Forum members of the proposed allocation of the High Needs Block (HNB) for 2019-20 and seek any comments they may have.

**Background**

The 2019-20 indicative High Needs Block allocation issued by the DfE shows an allocation to NELC of £18.558M which is an increase of £0.876M on the 2018-19 allocation.

In respect of the increase this has arisen as a result of the introduction of the new High Needs National Funding Formula. The new National Funding Formula was subject to a period of consultation through the summer of 2017 and is designed to direct the High Needs Block funding to the most needed area. Additionally, as part of the move towards the NFF for the High Needs block, central government announced that it was putting additional funding into this area in recognition of the increasing national need.

The amount of £18.558M includes the additional £0.357M funding allocation announced on the 17th December 2018.

The proposed allocation of the HNB for 2019-20 represents a further refinement of spending since the first SEN Financial Plan was presented to Schools Forum in 2012-13. Since this time changes have been made in line with national changes to the funding of High Needs, revised operational models, changes in demand, a re-negotiation of SEN contracts such as Outreach and Physical Difficulties and a refinement of spending based on current spending patterns and expected demand.

Members are also reminded that the current allocation is financial year based whereas funding for some of the establishments, special academies, PRU’s are academic year based.

As in previous years Members are further requested to note that in respect of our special academies final admission numbers will not be known until the summer and therefore the final value of top up funding cannot be precisely estimated at this time.

**Summary of the Main changes**

Whilst the increase in the funding is significant and welcomed current spend projections and demand further increased in 2018-19 (as detailed in the Schools forum paper ITEM 21/18) and a High Needs Block deficit of £1.1M is currently being projected. This amount is after factoring in the £0.357M additional in year funding. This deficit is an increase on the £0.6M that was recorded in 2017-18.

This projection and impact on the central contingency resulted in officers requesting a 0.4% top slice off the schools block for 2019-20 to provide additional high needs resource whilst the actions it was taking had time to take effect. Based on the demand evidence presented to the Schools Forum on the 15th November 2018 (ITEM 21/18) it approved the top slice of the Schools block equating to £0.4M. Whilst this additional funding will not solve the financial position on top of the additional funding it will help the position.

The attached Appendix 1 shows the proposed allocation for 2019-20. As stated above, refinement has taken place and where for example costs have been moved between headings the comparator has also been restated.

Member’s attention is particularly requested to be drawn to the section in respect of the BAC’s income which highlights a continued diversion from previous years.

The main considerations are detailed below:

**Agency Placements**

Increasing demand together with the age extension from 19-25 is now leading to an increase in provision and funding pressure for young people with the highest needs, who often require bespoke packages of education with associated high costs.  It is evident from recent tribunal experience and intelligence from other local authorities experiences that this is a national pressure and increasing demand.

The council continues to monitor this area of spend and has introduced an active programme to monitor and quality assure the placement settings and where possible review all placements and where there would be no material dis-benefit for the child / young person move them to lower cost placements.

**Special / Mainstream School Banding Value Top Ups**

As discussed in the Schools Forum paper (ITEM 21/18) EHCP’s continue to increase which is having a significant financial impact on SEND provision funding

No increase in Top Up values was possible in 2018-19. In keeping with previous years the affordability of the High Needs Bock after factoring in demand pressures and a review of the top up rates with comparator authorities indicated that broadly these remain comparable. Consequently no increase to any of the top up rates can be proposed or recommended for 2019-20.

Demand pressure continues to show an increase. On the Schools Forum paper (ITEM 29/18) the Council increased the number of commissioned places in special schools by 32 from 1st September 2019. This follows the increase by 6 the previous year.

To clarify the top up values per band are:

|  |  |  |
| --- | --- | --- |
| **Band** | **Current Top Up value £** | **Proposed Top Up value £** |
| 4 | 1,015 | 0 |
| 5 | 2,600 | 2,600 |
| 6 | 5,650 | 5,650 |
| 7 | 7,100 | 7,100 |
| 8 | 10,400 | 10,400 |
| 9 | 14,210 | 14,210 |
| 10 | 19,285 | 19,285 |

In respect of mainstream schools a mixture of increased demand and re-assessment places additional cost on this budget.

**Alternative Provision**

No changes to place numbers were commissioned and no increase on top up rates are proposed.

**Post 16**

This budget remains under constant scrutiny and the current budget is considered to be sufficient to manage current demand levels and agreed costings. The budget will however need to be monitored to ensure this remains the case.

As with last year SEN transport in respect of post 16 is now allocated to this area.

**SEN Services**

The “reduction of spend” in this area is down to a refining of and re-allocation of cost around early years.

**Early Year / SEN Inclusion Fund**

The increase in this area is based on projected 2018-19 spend. Increased awareness in this area continues with a consequential impact on demand.

**ASD Provision**

The Council has reviewed the placements at this facility and has decided that it can reduce its commissioned place numbers by three from 1st September 2019. The reduction reflects this change.

**BAC’s Income**

Income from the BAC’s process continues to be collected where permanent exclusions occur. Over time decisions have been made by Forum to allocate some of this to fund specific activities. This includes a mixture of staffing, additional alternative provision places, other provision in addition to the contribution to the Behaviour Service Team and more recently it was agreed to contribute an element of this income to fund a group of staff within the Localities team.

After many years of financial prudence the Local Authority was placed in a position where it needed to use some of this income to balance its high needs spend.

**In 2019-20 the position has worsened and to reflect an accurate budget the authority finds itself in a position of £0.346M over allocated after factoring in all of the BAC’s income (£0.6M), the top slice from the Schools Block of £0.4M and the additional High Needs Block of £0.357M. The impact of this is shown in the next section.**

**Central DSG Contingency projected position**

This over allocation referred to above will be met from the central DSG contingency and will clearly have an adverse impact on it. As a result it is considered necessary to advise Schools Forum of projected position. This is shown in the table below:

|  |  |  |
| --- | --- | --- |
|  | **£’m** | **£’m** |
|  |  |  |
| b/f as at the 1st April 2018 including Early Years adjustment |  | 1.704 |
| Projected HNB 2018-19 overspend | (1.506) |  |
| Additional 2018-19 funding | 0.357 | (1.149) |
|  |  |  |
| Estimated other block underspends, still to be confirmed |  | 0.226 |
|  |  |  |
| **Projected c/f as at the 31st March 2019** |  | **0.781** |
|  |  |  |
| Projected 2019-20 gross HNB over allocation | (0.747) |  |
|  |  |  |
| Top sliced from the Schools Block | 0.401 | **(0.346)** |
|  |  |  |
| **Projected Remaining contingency available as at 31st March 2020 (subject to the allocations not being breached)** |  | **0.435** |

**Local authority Actions**

When the Schools Block top slice position was discussed with the Schools Forum and the wider schools community a number of actions were highlighted. The current position on these is as follows:

* Agency placement review

This on-going action of reviewing a number of out of area placements to assess and determine if some children and young people can be brought back into the local area are built into system processes. Positive decisions on these cases are always on the basis of the change in placement being of no detriment to the child/young person and will have to consider a number of factors including the ability to access local educational provision.

* Valuing Care

The consultants have finished their work and are preparing their final report.

* 0-19 phase 2 (SEN Review)

Consultants are currently undertaking this review.

* Educational facility

This project remains on-going.

**Overall conclusions**

The position in respect of the High needs Block is and will remain very challenging. The Schools Forum paper (ITEM 21/18) highlighted the significant increase in demand and the financial impact of this. This paper updates the central DSG contingency table and the position shows that in the absence of the top slice this would almost have been fully utilised by the 31st March 2020.

Whilst the additional High Needs Block and the Schools Block top slice is welcome it does not resolve the problem. Whilst it is recognised that specialist providers are facing financial pressures themselves this paper does not factor in any increase in rates. The Council considers that it is unable to increase rates given the general and increasing fragility on the central DSG contingency position.

**Recommendation**

The setting of the High Needs Block allocation does not require a decision from the Schools Forum and the report is for information and noting only.

Contact Officer: David Kirven - Strategic Lead – Business Partnering