

**A briefing session will be held on Wednesday 12<sup>th</sup> September, 4.30pm to 6.00pm in the Karalius Suite, Halton Stadium to try to answer your questions.**

## **Proposal to transfer funds from Schools Block to High Needs Block for 2019-20**

### Background

From the introduction of the notional DSG funding blocks in April 2013 up to the end of 2017-18, local authorities have been allowed to move funds freely between the blocks with the approval of their local Schools Forum. From 2018 we were required to consult with schools and Schools Forum if we wished to move funds from the Schools Block to any other block. The main movement of DSG has been from Schools Block, which is the main source of funding for Primary and Secondary schools, to the High Needs block. As you will recall, we asked for a transfer of 0.5% or £421,594 for the current financial year to help us cover the expected overspend on the High Needs Block, which was over £2M.

The High Needs Block supports provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25. High Needs funding is also intended to support alternative provision for pre-16 pupils who cannot receive education in schools.

The situation over the past few years is:

	2015-16	2016-17	2017-18	18-19 forecast
Central HN spend	£6,459,666	£6,240,520	£6,836,754	£7,632,203
School budgets	£9,930,166	£9,403,710	£9,960,907	£8,425,098
Total expenditure	£16,389,832	£15,644,230	£16,797,661	£16,057,301
HN funding received	£13,268,052	£13,235,000	£14,055,751	£14,409,410*
<b>Overspend</b>	<b>£3,121,780</b>	<b>£2,409,230</b>	<b>£2,741,910</b>	<b>£1,647,891<sup>^</sup></b>
<b>% overspend</b>	<b>23.5%</b>	<b>18.2%</b>	<b>19.5%</b>	<b>11.4%</b>

\*Includes the 0.5% transfer from Schools Block.

How have we funded this overspend in previous years – at the start of each year we have an estimate of what the overspend on High Needs will be, we used to move money from the Schools Block accordingly. At the end of the year, the additional overspend has been met from reserves.

Schools Block funding (excluding central schools services block)

	2015-16	2016-17	2017-18	18-19 indicative
Grant allocation	£83,284,930	£81,826,997	£82,321,802	£84,318,746
To schools/academies	£81,096,572	£80,942,662	£81,819,524	£83,897,152
Difference	£2,188,358	£884,335	£502,278	£421,594

It should also be remembered that the Schools Block has been needed to cover expected overspends in the Early Years block although this has now stopped and the Early Years block grant is covering the Early Years spend each year.

With the introduction of the National Funding Formula from April 2018 there are new regulations restricting the movement of funding from the Schools Block. We are allowed to move up to 0.5% of the Schools Block funding to the High Needs Block following consultation with schools and the approval of Schools Forum. If we wish to move more than 0.5% we must also then get approval from the Secretary of State.

For 2019-20 based on the indicative Schools Block allocation of £85,435,458, the 0.5% figure that can be approved by Schools Forum is £427,177. It should be noted that we are required to consult and get approval on any transfer from the Schools Block each year, and such consultation and approval covers just one year. Therefore, for 2019-20 a 0.5% transfer would be just £427,177, not £427,177 on top of the £421,594 approved for 2018-19.

Even after the movement of 0.5% of Schools Block funding for 2018-19, we are forecasting the High Needs block to have a funding shortfall of £1.65m this year. We are looking at further options to reduce the funding gap during 2018-19 and for 2019-20.

### Budget Pressures

The numbers of pupils who receive funding from the High Needs Block has increased by 4.5% from 1,030 in 2015-16 to 1,076 in 2017-18. So far in 2018-19 we are funding 998 pupils from the High Needs Block and we know that number will increase during the autumn and Spring Terms. We have put in place a number of measures, some that have had a full year impact for 2018-19, some that are only having a part-year impact this year. The SEND review being carried out by Peopletoo is almost complete and it is hoped this will help to identify where further efficiencies.

Due to the continuing increase in pupil numbers and their complexity of needs, the cost of supporting those needs has increased. In the detail below, the total pupil numbers is the total of individual pupils who have at any time during the year been receiving the particular type of provision. Therefore the number of individuals can be higher than the number of places due to pupils coming into places and pupils leaving. Below are key areas of High Needs expenditure:

#### Special Schools including Special Academies in Halton

	2015-16	2016-17	2017-18	2018-19 to date
Total pupil numbers	343	359	332	377
Total cost	£5,579,254	£5,318,730	£5,678,618	£5,829,469
Average top-up per pupil	£10,347.68	£9,160.81	£10,359.79	£9,019.41

Special schools are funded at £10,000 per commissioned place plus top-up funding which is pupil specific. While pupil numbers have increased, we reviewed the funding level criteria during 2015-16 with the special school Head Teachers and introduced a process whereby for a pupil to be funded at anything other than the lowest level of top-up, evidence of need has to be submitted to the SEN Team to be considered against the funding criteria. Demand for higher levels of funding increased in 2017/2018. For 2018-19 we submitted a disapplication request of the Minimum Funding Guarantee to allow a decrease in the region of 5% of the top-up funding levels. The Special Schools worked collectively to identify the level of reduction that is financially sustainable.

#### Independent and Non-Maintained Special Schools

	2015-16	2016-17	2017-18	2018-19 to date
Total pupil numbers	81	87	78	76
Total cost	£2,444,335	£2,687,275	£2,871,532	£3,004,844
Average cost per pupil	£30,176.98	£30,888.22	£36,814.51	£39,537.42

Requests for placements in INMSS are scrutinised before the provision begins to check if there is any available alternatives to an INMSS. The type of provision and the costs of different INMSS is explored with a view to finding the most cost efficient appropriate provision which can meet the needs of the pupils. The use of an INMSS is the last resort as one placement for a full year can cost up to £80,000. Where a placement is made jointly with health and social care, we always identify and separate the health and social care elements so only the education element is charged to the High Needs Block. However, the INMSS providers in the North West region are aware that there is more demand than places so Halton is putting in place plans to enter into negotiations with providers. In Halton we are recruiting a Commissioning Manager to negotiate with providers on rates to ensure that places are value for money, quality assured and offer improved outcomes for children and young people.

#### Top-up support in Mainstream schools

	2015-16	2016-17	2017-18	2018-19 to date
Total pupil numbers	396	373	430	313
Total cost	£1,950,497	£1,843,016	£1,721,912	£1,155,745
Average cost per pupil	£4,925.50	£4,941.06	£4,004.45	£3,692.48

Top-up funding is provided to schools for named pupils who require additional support and is approved following submission of evidence to panel. The funding can be through an EHCP or in certain circumstances schools can access Discretionary Top-up for pupils with SEND. All primary and secondary maintained schools and academies are required to fund the first £6,000 of costs for each child with SEND.

#### Resource Bases

	2015-16	2016-17	2017-18	2018-19 to date
Total pupil numbers	117	126	124	136
Number of fte places	130	124	118	118
Total cost	£1,615,405	£1,343,018	£1,483,397	£1,159,637
Average top-up per pupil	£2,695.77	£2,404.90	£3,898.36	£2,957.23

The Education Funding Agency has changed the way in which resource bases are funded from April 2018. Filled places are now funded at £6,000 per place and the pupil is also counted towards the Schools Block funding formula (previously they were excluded). Empty places continue to be funded at £10,000 per place.

#### PRU

	2015-16	2016-17	2017-18	2018-19 forecast
Total pupil numbers	62	75	81	60 (estimate)
Number of places	60	60	60	60
Total cost	£1,284,823	£1,346,346	£1,489,146	£1,500,000
Average top-up per pupil	£11,851.98	£9,951.28	£10,977.11	£15,000.00

The PRU is funded at £10,000 per commissioned place plus top-up funding which is pupil specific. For 2018-19 agreement has been reached to fund top-up at £15,000 per pupil.

The regulations require local authorities to recover funding from schools and academies who permanently exclude pupils, and this includes all pupil-led funding factors within the funding formula plus the Pupil Premium Grant for which the pupil may be eligible.

### Inter Authority Recoupment Expenditure

	2015-16	2016-17	2017-18	2018-19 to date
Total pupil numbers	31	34	31	36
Total cost	£238,481.64	£294,935.11	£224,094.00	£341,192
Average cost per pupil	£7,692.96	£8,674.56	£7,228.84	£9,477.56

The costs of inter authority High Needs placements have increased considerably as the number of children needing such placements have increased. We are not required to pay the per place funding as the places should have been commissioned by the relevant local authority. Therefore we only have to pay the top-up amounts. However, where schools have taken in pupils over the number of commissioned places, we must negotiate with the provider to decide on whether a per-place payment (and the amount) should be made.

### Central DSG funded posts

	2015-16	2016-17	2017-18	2018-19
Number of posts	17.5 fte	17.0 fte	20.4 fte	18.4 fte
Total cost	£897,196	£898,563	£1,096,540	£1,344,799

The FTE numbers above take into consideration a number of staffing changes over the years including; the closure of the Hearing Impaired Resource Bases at Wade Deacon High and Westfield Primary School and the employment of centrally based peripatetic teaching and non-teaching support to meet the needs of pupils in Halton with HI, staff re-organisations and efficiencies.

### The way forward:

- Independent consultants “Peopletoo” have been commissioned to undertake a comprehensive review of Halton SEND making recommendations that identify key strategic opportunities to support the Authority and partners in achieving our ambition to ensure that all children and young people with special educational needs and disabilities (SEND) have access to a range of provision and support across the borough, which meets their educational needs, provides good opportunities for them to progress and is sustainable. “Peopletoo” will complete the review by the end of September and present it to the Local Authority for consideration.
- Social Emotional and Mental Health has been identified by the Education Strategic Partnership as the key priority for the Borough. A local definition and action plan aimed at addressing SEMH has been developed by a multi-agency SEMH Task and Finish group.
- Recruitment has now been completed for a new Behaviour Support Team. The team will be in place after October half term and will aim to work with schools to promote positive behaviour, offering training and building the capacity of staff to deal with children with challenging behaviour.
- Subject to Executive Board approval on 20<sup>th</sup> September 2018, it is planned that two new Foundation/Key Stage 1 SEMH Resource Bases are developed. One base will be located at Beechwood, the second at Halton Lodge.
- Recruitment is underway for a new Placements Division. The Division will be responsible for the commissioning of high quality children’s social care and special

educational needs placements, ensuring all placements are robust, improve outcomes and offer the best value for money.

Approval by School Forum to permit 0.5% of the schools budget to supplement the costs of the High Needs Budget will still leave an estimated gap of £1.2 million. This funding can only be found by reducing the expenditure across High Needs from April 2019. It is proposed that this gap in funding is found by the following:

- Promoting greater inclusion in all mainstream schools;
- Reducing the number of children and young people placed out of borough;
- Negotiated better rates for children and young people placed out of borough;
- Making full use of specialist provision available in our schools;
- Review the budgets for all specialist provision including special schools, resource bases and the PRU.
- Review of High Needs Central Costs

What are we asking for:

We are allowed to consult with schools and ask Schools Forum for approval to move up to 0.5% of Schools Block funding to the High Needs Block as previously mentioned. To move 0.5% - £427,177 – using the October 2017 census data and applying the funding floor protection (which wasn't in place for 2018-19) would leave just under £100,000 of the indicative Schools Block grant to be allocated to schools on top of the 2018-19 budget. This is due to the additional 0.5% increase to the Schools Block allocation to Halton.

We can only take the funding from the Basic per Pupil factor, as per the guidance. The actual cash value for 2019-20 will only be known once the census data for October 2018 is received along with the December update of our funding allocation.

Given that we are expecting to end 2018-19 with a deficit in the region of £1.65M based on current information, we also wish to consider a transfer of 1% of Schools Block funding to the High Needs Block. This can only be done after consultation with schools and Schools Forum then submitting an application to the Secretary of State for approval. A reduction of 1% currently equates to £854,334.

However, we understand that by doing this we are taking funding from all schools to support those who receive High Needs top-up funding and centrally funding High Needs services.

Therefore we are including another option, of not asking for a transfer of funding from Schools Block to High Needs block. This means schools MUST accept that by doing this we will have to make even further reductions to the funding we use to support pupils in schools with high needs. We cannot recommend this option as we feel it will seriously impact on the provision for SEND pupils and cause increasing costs in the coming years, which is the opposite to what we are trying to achieve.

**Consultation Questions:**

**Do you agree to the transfer of 0.5% of Schools Block funds, to be taken from the Basic Per Pupil funding factor, to the High Needs Block for 2018-19?**

**Yes / No**

**Do you agree to the transfer of 1.0% of Schools Block funds, to be taken from the Basic Per Pupil funding factor, to the High Needs Block for 2018-19?**

**Yes/No**

**Do you agree to not transfer any funding from the Schools Block to the High Needs Block for 2018-19 on the understanding that all top-up funding levels would have to be reduced to keep the High Needs Block within budget?**

**Yes / No**

**Deadline for responses:**

**Please respond to [Anne.Jones@halton.gov.uk](mailto:Anne.Jones@halton.gov.uk) no later than 5.00pm **on Friday 21<sup>st</sup> September 2018** to ensure your feedback can be included in the report to Schools Forum in October.**