

## SCHOOLS FORUM AGENDA ITEM

For Action



For Information



### **Brief Description of Item** (including the purpose / reason for presenting this for consideration by the Forum)

Members are asked to consider the outcomes of the consultation on the 2017/18 High Needs Funding Model and the planned number of high needs places to be commissioned by the Authority. Document GW also gives an update on the position of other strategic high needs funding matters. These updates are provided in advance of asking Members to make final recommendations on 11 January 2017

### **Date (s) of any Previous Discussion at the Forum**

The Forum agreed the consultation on the 2017/18 high needs funding model on 19 October 2016. High needs funding is regularly discussed by Members.

### **Background / Context**

Members are reminded that the DfE has announced that 2017/18 is a 'stand-still' year and no major technical changes are being made to the funding framework in so far as this affects high needs providers. The Minimum Funding Guarantee, including for special school funding, is set again at minus 1.5%. Discussion on National Funding Formula and implications for future year funding is addressed in other reports to this meeting.

Members are reminded that size and continuing growth of the cost pressure within the High Needs Block is one of key issues the Forum must manage. The High Needs Block continues to be under significant financial pressure. The Schools Forum received a presentation on 18 May 2016, which explained that a further 360 specialist places are needed by September 2018 (at roughly 120 per year in each of the next 3 years) simply to meet forecasted demographic growth. The annual cost of 120 places (at an average of £21,000 per place) is roughly £2.52m. At its meeting on 21 September, the Forum agreed to the funding of the first 120 places from January 2017. The Schools Forum has also been made aware of a significant growth in cost of out of authority, independent and non maintained school placements and in other aspects of high needs provision, including medical-need home tuition. Planning on this basis, indicatively, increases the cost of high needs provision by £6.86m in 2017/18. A breakdown of this pressure is given in Document GU.

Members resolved at the last meeting on 19 October, "That the planned report to the Schools Forum to be presented on 7 December includes further information on the work taking place to ensure the efficient allocation of the High Needs Block and provides an update on the review of High Needs Block funded services and the development of sector-led delivery."

### **Details of the Item for Consideration**

#### 2017/18 High Needs Funding Model Structure Consultation

The consultation on the structure of our High Needs Funding Model for the 2017/18 financial year has now been completed. We received 2 formal responses, both from mainstream secondary settings.

These responses expressed general agreement with the proposals regarding structure, with specific comments raised regarding:

- The scale of the overspending against the DfE's High Needs Block DSG allocation.
- Issues related to the potential / proposed reduction in the Schools Block in 2017/18 in order to finance High Needs Block spending and the implications for the position of mainstream schools in meeting the needs of children with and without additional education needs.
- The speed of referral and assessment processes for children with EHCPs.
- The implications of the DfE's reform of alternative provision and the financial pressure that the transfer of commissioning responsibilities will place on mainstream school budgets and the position and role of the BACs in this landscape.
- The need to ensure robust moderation of pupil need in the application of the Ranges Model (ensuring fairness of application).

## Details of the Item for Consideration

### Initial Planned Places to be funded from the High Needs Block 2017/18

The consultation document included a table of provisional planned places for the 2017/18 financial and academic years. These places have been revised, following further work, and an updated table is shown in Appendix 1. A return to the Education Funding Agency, for further education settings and academies, was submitted mid-November on the basis of these numbers.

In total, including the provision for additional places currently unallocated, the planned DSG is anticipated to be required to finance 2,379 places in Bradford-located settings for the 2017/18 academic year. This represents an increase of 359 places on the original planned number for the 2016/17 academic year. Appendix 1 identifies where these places increases are planned. As set out in Document GU, the 2017/18 planned High Needs Block Budget includes the following places not yet allocated to settings:

- 120 SEND places April 2017 – August 2017 (the 1<sup>st</sup> tranche, agreed by the Schools Forum 21 September 2016)
- 240 SEND places September 2017 – March 2018
- In the range of 20 SEMH places April 2017 – August 2017
- In the range of 40 SEMH places September 2017- March 2018

These places are the only real growth in capacity above the current numbers in provisions (these unallocated places explain 260 of the 359 additional 2017/18 academic year places; the remaining 99 are already largely filled or committed).

In addition, the number and cost of placements in out of authority, independent and non-maintained settings are increasing. We estimate that an additional £1.43m of provision is needed in the High Needs Block in 2017/18 than was provided for in the original 2016/17 planned budget. £0.53m of this is simply to meet the anticipated cost of the current number of placements.

### 2017/18 High Needs Block Proposals Summary

Following consultation, and further work that has been undertaken, the following initial proposals for the 2017/18 High Needs Block (HNB) are put forward for the Forum's consideration. There is more to discuss in the context of what is presented about the DSG's position in 2017/18 in Document GU and in this report.

- To retain all current budget allocations within the High Needs Block in the 2017/18 financial year unless otherwise specifically stated. This is done on the understanding that the review and re-commissioning of SEND teaching support services may mean that centrally managed budgets are re-aligned during the financial year.
- To retain the existing structure of the High Needs Funding Model (Place-Plus) to calculate delegated allocations for the 2017/18 financial year but with the following amendments, as set out in section 6 of the consultation paper:
  - To adjust the cash budget protection factor applied to special schools, DSPs and the primary behaviour centres, so that this factor limits a setting's reduction in Place-Plus funding to 3.0% of last year's allocation. Currently, this factor limits the reduction to a maximum of 1.5% of last year's allocation. Indicatively, this reduces the cost of this protection by £131,000.
  - To establish at April 2017 a small setting funding factor for resourced provisions attached to mainstream settings, which would be applied for the funding of DSPs (not ARCs) and the primary behaviour centres. We propose this as a temporary measure, with future proposals to be considered as part of the wider review of the District's provision and funding model (in the context of National Funding Formula). Indicatively, this increases the cost of provision by £399,000.
- To calculate the initial planned cost of High Needs Block spending in 2017/18 on the allocation of places for Bradford-located settings outlined in Appendix 1. This includes the currently unallocated additional places shown at the bottom of this Appendix 1.
- To help support meeting the funding gap in the overall DSG that is the result of the growth in pressure in the High Needs Block, and to continue to secure efficient use of monies, by making the following adjustments:
  - To reduce the rates of Top Up in the HNB Funding Model for all Place-Plus calculated budgets by the same % that the Primary and Secondary variables are reduced by in order specifically to meet the funding gap, up to a maximum of 1.5%. That the values of Top Up for each Range are reduced by the same %. Indicatively, at 1.5%, this notionally (and before any cash budget protection) reduces the cost of top up in specialist settings by £299,000 \*.
  - That the same % reduction (up to a maximum of 1.5%) is made to all centrally managed / non-Place-Plus HNB budgets. Indicatively, at 1.5%, this reduces the cost by £120,000.
- The Early Years Block will meet the cost of the Early Years Inclusion Panel resource (currently set at £300,000).

\* An indicative view of the delegated budgets of Bradford-located High Needs providers for 2017/18 is given in Appendix 2. This modelling incorporates the proposals listed above.

## Details of the Item for Consideration

### High Needs Block - Efficiency

Efficiency and securing value for money in our use of our High Needs Block has been a growing element in discussions in recent Schools Forum meetings. The Authority has been and is continuing to analyse and secure our effectiveness in allocating the right amount of money to the right activities, allocating money in a timely way, enabling money to follow the movement of pupils and delivering cost efficient support services

There are also quite fundamental considerations behind cost effectiveness, including early help strategies, the contribution of and collaboration with other agencies, the sufficiency of our places capacity, the nature (including size) and location of our provisions, how our provisions work together and the role of our centrally managed SEND teaching support services. Some considerations are more for the medium to longer term than delivering immediate saving. It is also the case that a saving to the High Needs Block may come from transferring the cost to another part of the DSG and this interplay needs to be considered.

Our analysis and discussion is carried out in the context of our costs of provision (increasing quantity) currently growing at a rate that is much faster than our DSG High Needs Block allocation is responding to. We await sight of whether the Government's National Funding Formula proposals will address this in the medium to longer term. The information provided here seeks to evidence that the rules and approaches we apply in our allocation of our High Needs Block promote efficiency but that there are some areas of spending that can, should and are being reviewed.

We know the following about our High Needs Block allocation (there is some simplification below with the aim of providing as much clarity as possible):

83% (£55.3m) of the planned 2017/18 DSG High Needs Block is delegated. Within this:

- The cost of a place is set by the DfE (£10,000 for SEND; £8,000 for alternative provision). These places are required to set before the start of the year (and not reduced during the year). The Authority reviews the number of places at each setting on an annual basis for expected occupancy. The proportion and cost of unfilled places is monitored and is relatively small (forecasted to be c. 4% of 1,650 places in 2016/17 across special schools, DSPs, ARCs, PRUs and behaviour centres); the highest proportions (%) of unfilled places are in the DSPs and ARCs and the primary behaviour centres, which are smaller in size. Places in Further Education Colleges are funded on an annual lagged actual basis.
- The Top up (Plus element) is funded on the basis of actual monthly occupancy, so there is no funding of unfilled places in this element. Our benchmarking of Top Up rates of funding in 2016/17 indicates that our SEND rates (calculated for special schools) are in line with national and statistical neighbour averages.
- It is more difficult to calculate a comparison for our Alternative Provision rates, as we have explained previously. The most significant factor here, in terms cost management over the medium to longer term, and in context of the Government's AP reform, is that £1.42m of our High Needs Block spend is for provision for children without EHCPs (not referencing children who are being assessed for an EHCP). In the context of national reform of commissioning arrangements and NFF, as well as cost pressures, we will need to look at whether this cost remains funded by the High Needs Block.
- We fund all Bradford-located delegated provisions using the same Funding Ranges Model. This Model is adjusted for the funding of post 16 high needs provisions in Further Education Colleges. As, on average, colleges deliver around 60% of the hours delivered by schools, colleges are funded for the vast majority of students at 60% of the Ranges Model value for the primary need of the student.
- We are not overfunding mainstream EHCPs. The estimated average gap between the funding allocated to a school for an EHCP (mainstream sector) and the cost of staffing related to delivering support is calculated to be £2.65 per hour (reported to Forum 21 September).
- We spend approximately £515,000 on the SEN Funding Floor, which is the mechanism which provides a minimum level of funding for mainstream schools with lower measures of deprivation but higher levels of children with SEND. We will need to review this mechanism in the context of National Funding Formula.
- In the current 2017/18 planned model, £133,000 is the cost of the 3% cash budget protection factor for special schools, resourced provisions and the primary behaviour centres. This is a relatively small cost, which has been reduced as a result of the lifting of the % from 1.5%. This is providing a balance between providing some financial stability for providers but avoiding locking money in historic allocations.
- In the current 2017/18 planned model, £858,000 is spent on split sites and small setting funding. Through the review of the sizes and locations of our provisions and how our provisions work in collaboration we may be able to achieve savings in these cost areas over the medium to longer term.
- The Schools Forum has previously agreed the principle that enables the movement of the High Needs Block Early Years SEND resources (£1.93m of which £0.3m approx. is delegated) between delegated and centrally managed provisions, so that monies can move. The review of EY SEND is continuing.
- We estimate in the current 2017/18 planned model that we will spend £6.58m on placements in independent, out of authority and non-maintained provisions. The extent to which savings can be made here (or the rate of growth slowed) is difficult to calculate, but the addition of SEND and SEMH places, initially in interim provisions and then through new free schools, will be a factor.

### Details of the Item for Consideration

There has been some discussion within the Schools Forum about more closely monitoring the position of the year end surplus balances of special schools and PRUs with a view to ensuring that these schools are effectively spending their resources. The Authority only has sight of the balances of maintained schools; these are shown in the table below.

<b>£ Balance</b>	<b>Forecast March 2017</b>	<b>March 2016</b>	<b>March 2015</b>
Special (6 schools)	£222,054	£692,554	£773,431
PRUs (7 schools)	£176,891	£1,041,564	£1,841,198

The median values of balances held at March 2016 were £155,378 (special) and £57,680 (PRU). Based on the forecasts for balances to be held at March 2017 the medians at this point will be £52,733 (special) and £39,636 (PRU). The Authority's Control of Surplus Balances Protocol permits special schools and pupil referral units to hold at year end the greater of 6%, £60,000 or 85% of 1 month's average payment + £20,000, without being required to apply for authorisation.

17% (£11.3m) of the planned 2017/18 High Needs Block is centrally managed:

- The High Needs Block's contribution to Building Schools for the Future for the special schools is £0.71m.
- £0.80m is allocated for the cost of medical home tuition, which includes the cost of placements in hospitals out of authority (effectively much of this cost then is delegated not centrally managed).
- £0.41m is allocated for behaviour support (including the junction project and statutory functions).
- £1.62m is allocated across Early Years SEND services, including portage, and is used flexibly.
- £7.74m is allocated across other centrally managed support services, including the SEND mainstream teaching support and the Sensory Service (which incorporates the ARCs).

For the Forum's wider awareness, the Authority currently receives Education Services General Rate Grant funding (an initial £4.9m in 2016/17), a proportion of which is used by the Authority in support of our statutory SEND and behaviour functions. This Grant is ceasing at September 2017.

### Review of SEND Teaching Support Services

At the last meeting, the Schools Forum asked for an update on the position of the review of SEND teaching services. Headteachers and Senior School Leaders have met twice with the Deputy Director of Education and Senior LA Officers, Employment and Skills over the course of the Autumn term 2017 to discuss how the LA moves to a SEND service design that reflects a self-improving, sector-led approach to providing support, advice, training and consultancy to schools to support the full spectrum of special educational needs.

The model shown in Appendix 3 comes from these discussions. It is currently draft, pending further comments and feedback from those who took part in the meetings. The Strategic Manager, SEND and Behaviour, will attend the meeting and will talk about the direction of travel of the review and next steps.

### Details of the Item for Consideration

#### Schools Block Contribution 2017/18

Document GU sets out our current estimates of a £6.86m total pressure in the High Needs Block in 2017/18. 50% of this is the financial year cost of the 1<sup>st</sup> and 2<sup>nd</sup> tranches of 120 SEND places, plus the 1<sup>st</sup> and 2<sup>nd</sup> tranches of estimated SEMH places. The other 50% is the growth in cost in other aspects of High Needs Block provision, but this also includes meeting the cost of places currently in the system.

As indicated in Document GU, on current estimates, a 1.5% reduction in the pupil-led factors in the primary and secondary funding formulae (Schools Block) would generate a sum of £3.96m. In total, the Schools Block would be under spending by £4.58m against the DfE's notional allocation. As we have discussed in Document GU, if this was the agreed final position, the DSG in 2017/18 is still estimated to overspend by £2.28m. Without the £3.96m from the Schools Block specific contribution this funding gap would be £6.24m. We are hopeful that at least some of this gap will be resolved through a 'better than expected' increase in our High Needs Block allocation when this is confirmed by the DfE mid December.

Seeking to pull the key themes of this report together, the Authority asks the Schools Forum to closely consider the reality of this position, the guiding principles that should be applied, and to consider whether any / what further information will help recommendations to be made on 11 January on the management of High Needs Block pressures and the contribution from the Schools Block.

**Implications for the Dedicated Schools Grant (DSG) (if any)**

Yes – as outlined in this report.

**How does this item support the achievement of the District's Education Priorities**

Ensuring appropriate resources are available, in the right places, to support the most vulnerable children across the District, must be a key focus for the Forum, building on current good practices. It is also vitally important that, alongside managing increasing cost pressures, that sufficient resources are available to the Local Authority and to schools to meet statutory responsibilities around SEND and meeting pupil need.

**Recommendations**

**The Forum is asked to agree the structure of Bradford's High Needs Funding Model for the 2017/18 financial year.**

**Members are asked to consider whether sufficient information has been provided to enable final recommendations on the 2017/18 High Needs Block to be taken on 11 January 2017.**

**List of Supporting Appendices / Papers (where applicable)**

Appendix 1 – Initially Allocated Planned 2017/18 High Needs Block Places (Bradford Located Settings).

Appendix 2 – 2017/18 Indicative Variances Analysis.

Appendix 3 – TSS Review

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