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Monks Walk
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Shefford SG17 5TQ**

Chief Executive
Richard Carr

**TO EACH MEMBER OF THE
SCHOOLS FORUM**

12 September 2016

Dear Councillor

SCHOOLS FORUM - Monday 19 September 2016

Further to the Agenda and papers for the above meeting, previously circulated, please find attached the following supplementary report(s).

**Agenda Description
Item**

- 6. High Needs Block of the Dedicated Schools Grant (DSG) Update report regarding review of top-up element of high needs places and EHC Plans/Statements**

This report sets out the work agreed by the High needs Block Technical Sub Group regarding reviewing Top up payments for high needs placements and EHC Plans/statements.

Should you have any queries regarding the above please contact Committee Services on Tel: 0300 300 4032.

Yours sincerely

Martha Clampitt,
Committee Services Officer
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Meeting: Schools Forum
Date: 19 September 2016
Subject: High Needs Block of the Dedicated Schools Grant (DSG)
 Update report regarding review of top-up element of high needs places and EHC Plans/Statements.

Report of: Director of Children’s Services

Summary: This report sets out the work agreed by the High needs Block Technical Sub Group regarding reviewing Top up payments for high needs placements and EHC Plans/statements.

Contact Officers: Helen Redding, Assistant Director School Improvement

Public/Exempt: Public

Wards Affected: All

Function of: Council

RECOMMENDATIONS: That the Schools Forum consider the update and:

- 1. Support the allocation of a 3 percent increase to the value of the top up element for the banding levels of statements and EHC Plans.**
- 2. Support the methodology for recalculating the top up element for specialist provision places.**
- 3. Note the work completed to date and ongoing work regarding reviewing the top up rates for special schools and ACB.**

Background

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|----|--|
| 1. | The Schools Forum powers and responsibilities 2015 to 2016 were amended in March 2015 and now include additional functions in relation to the High Need Block as set out in paragraphs 2, 3 and 4. |
| 2. | <p>The Local Authority must consult annually and ask the Schools Forum for a view on financial issues relating to:</p> <ul style="list-style-type: none"> • Arrangements for pupils with SEN, in particular the places to be commissioned by the Local Authority and schools and the arrangements for paying top-up funding; • Arrangements for use of pupil referral units and the education of children otherwise than at school, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding. <p>The Schools Forum should inform governing bodies of all consultations</p> |

3.	The Local Authority can propose and the Schools Forum decides on central spend on special education needs transport costs. The DfE adjudicates where schools forum does not agree the Local Authority proposal.
4.	The Local Authority decides central spend on children and young people with high needs. The Schools Forum has no powers or responsibilities in relation to this, but it is good practice to inform the forum.
5.	The Local Authority had anticipated consulting with schools regarding proposed changes High Needs Block by the DfE at its second stage of consultation. This was delayed by the DfE until the Autumn Term. Once this is published the Local Authority will consider with Schools Forum any required further local consultations.
6.	At the Schools Forum meeting of 26 January 2015 it was agreed to set up a High Needs Block Technical Sub Group. Terms Of Reference were agreed at the 15 June Schools Forum Meeting. School Forum Members who put themselves forward for this group were Shirley Crosbie, Sue Howley, Sarah Mortimer, Peter Cohen, John Street, David Brandon-Bravo and Ali Brabner. The group has met on a number of occasions over the last year.
7.	The contracts were considered at the High Needs Block Technical Sub Group at their meeting on 7 December 2015. The contract monitoring reports were shared and the data on caseloads considered. This was reported to Schools Forum in January 2016.
8.	Over further meetings the Technical Sub Group looked at models of top up funding from other Local Authorities. It was noted that there was no consistency across Local Authorities.
9.	It was recognised that there had been no change to the top up element for mainstream statements and EHC Plans in Central Bedfordshire for some years. The majority of top up contributes to staffing salaries so it was agreed that there should be some uplift to reflect the increase in staffing costs.
10.	A discussion was held regarding a more radical move that was based on funding actual provision identified on the plan, rather than at a banding rate, at an agreed rate for support hours. It was agreed as a positive direction of travel, but it was felt that with a national consultation imminent could change the mechanism for funding, a radical change was not appropriate at this given time.
Top up funding for Statements and EHC Plans in mainstream settings	
11.	Following discussion it was agreed to model a 2% and a 3% uplift on funding bands, with a preference for funding at a 3% increase due to the increases in staffing costs to schools. This modelling is reflected in Appendix 1 based on numbers of pupils in July 2016.
12.	Band A is a historic band that previously related to top up for pupils in specialist provisions. The mechanism for funding specialist provisions was changed in 2013, when it moved from a Banding Level to a £10k place element plus top up.
13.	Based on July 2016 numbers this would have an annual impact of £110,314. If this was agreed with a September 2016 implementation date, this would have an in year impact of £64,350 in 2016/2017. If numbers of EHC Plans continue to rise as they have been, this cost would increase accordingly.
Top up in Specialist Provisions	
14.	The specialist provisions all receive a place element of £10k per place for the number of places commissioned at the school. Admissions can happen across a school year.

15.	Prior to April 2013, Specialist SEN Provisions in Mainstream Schools were funded on an amount per the number of places commissioned. Additionally these schools received the Age Weighted pupil Unit (AWPU).
16.	From April 2013, the change in School Finance Regulations meant that Specialist SEN Provisions received a base level funding of £10,000 per place on the basis of the agreed number of places.
17.	The Top-up funding was agreed at the same level as Specialist Provisions had been funded historically and as agreed at their set-up. The Top-up element is paid by the Local Authority that commissions that place.
18.	At the 24 March 2014 Schools Forum it was noted that specialist provision schools had been disadvantaged by the removal of AWPU from provision places, and so it was agreed to increase the top up value by the amount of AWPU per key stage. This led to variation in value of top up across some schools.
19.	It is proposed that we take the average of the top up elements in those types of provisions that have a differential value, that is Autistic Spectrum Condition (ASC) provisions and Hearing Impairment (HI) provisions, and then increase by 3% in line with mainstream top ups. This was modelled on both 2% and 3% with a preference expressed for 3%.
20.	In the ASC provisions this model leads to an increase in top up value in all except the upper/secondary provisions, where there is a small reduction in value of £657 per place. Overall it leads to an increase in annual cost of £15,405. The alternative option would be to fund the average as calculated for the Lower, Primary and Middle Schools, and keep Manshead and Samuel Whitbread funded at their current rate, so that they do not see a reduction.
21.	The HI provision is managed through a contract with HAST, and so the schools pay the money on to HAST. The places are notionally allocated as 8 to Toddington St George, 8 to Parkfields and 4 to Harlington Upper, but numbers in each vary year on year. The net impact in a year is an increase of £13,400.
22.	It is proposed that the top up in other provisions for social, emotional and mental health needs (SEMH) and speech and language needs (SALN) is increased by 3%. This has an annual impact of £16,408 in SEMH and £528 in SALN provision costs.
23.	The total annual impact of these changes would be £45,741. If this was agreed with a September 2016 implementation date, this would have an in year impact of £26,682 in 2016/2017.
Special Schools	
24.	This piece of work is still ongoing. The technical Sub Group agreed that modelling should be done on a similar basis to provisions, with a 2% and a 3% uplift considered.
25.	There are some discrepancies between the funding levels in different schools against the same descriptors due to some historical factors that were tipped into the top up element for each school.
26.	We have considered current spending in schools and are reviewing some of the historical factors that impacted on the funding levels to ensure that all that needs to be considered in reviewing funding levels is taken into account.
27.	There is still work to complete on this with the special school heads regarding elements of these, and so this will be reported to Schools Forum once this work is complete.

Academy of Central Bedfordshire (ACB)	
28.	From September 2016 the Local Authority commission 100 places at the ACB with a place element of £10k which is received from the Education Funding Agency (EFA) and a top up of £8,005 per place paid by the Local Authority.
29.	We have been working with the Executive Head of the Academy of Central Bedfordshire and he has drafted descriptors for funding levels for ACB pupils that mirrors the descriptors used for special school banding levels. These describe the range of pupil needs and the type of provision they might need to meet those needs. This can then be calculated as a funding value. (attached as Appendix 2)
30.	The higher level need pupils that currently attend the ACB usually require intensive support, and many require an Education, Health and Care (EHC) Assessment and may require a place at Oak Bank in the future.
31.	A Free School Bid is currently being developed by Oak Bank School and The Academy of Central Bedfordshire for a smaller Alternative Provision Free School that focuses on pupils with these higher levels of need that the ACB is currently finding it difficult to accommodate. It is anticipated to be part of a Multi Academy Trust structure. If this is successful, it is expected that the ACB will no longer accommodate this group of pupils, at which point this Banding Level will not be required at the ACB as pupils with that level of need will no longer attend there.
32.	There is still some work to complete on the financial modelling for the banding levels and this will be reported to Schools Forum at a later date.
Conclusion and next steps	
33.	The financial impact in year of what is proposed regarding mainstream statements and EHC Plans and Specialist provisions in 2016/2017 is £91,032
34.	The full year financial impact subject to changes in numbers of pupils with statements and EHC Plans is £156,055
35.	The completed work regarding funding modelling for ACB and Special Schools will be reported to the next Schools Forum meeting. It was the view of the Technical Sub Group that all changes should be implemented from September 2016, and so once this work is complete, this will be factored into the costs.
36.	High Needs Block should increase as numbers of pupils in Central Bedfordshire increase. The EFA will not agree growth in special school places unless they are significant, so we are funding additional places required from High Needs Block. This may change following the High Needs Block consultation. Where EFA agreed places are taken up, if other Local Authorities request a place, the £10k is also charged by the school.
37.	As predicted with growing demand on places and an increase in EHC Plans, the SEN Contingency budget is being utilised and anticipated to be fully spent in 2016/2017.

Appendices:

- Appendix 1: Financial Modelling
- Appendix 2: Banding Descriptors ACB

Appendix A

2.14 Capital Spending from Budget Shares

Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises¹ in accordance with the Councils accounting procedures. (The Central Bedfordshire Council's capital de-minimis is £2,000). However, schools are not permitted to use their budget shares to contribute to capital works.

- (a) if this results in a in-year deficit or overall accumulated revenue deficit or
- (b) if existing devolved formula capital balances are held by the school for the current or previous financial years.

The condition (a) above excludes contribution for repairs and maintenance described in Section 12 of the scheme where the LA has required schools to contribute for items such as health and safety testing and servicing of electrical wiring and emergency lighting systems, fire alarm systems and heating systems and appliances, as well as kitchen maintenance and pest control.

The governing body must notify the LA in advance of any such expenditure in excess of £10,000.

If the expected capital expenditure from the budget share in any one year will exceed £10,000 the governing body must additionally take into account any advice from the authority's designated Director of Children's Services as to the merits of the proposed expenditure.

Where the premises are owned by the LA, or the school has voluntary controlled status, then the governing body shall seek the consent of the LA to the proposed works. However, consent for building work can only be withheld by the LA on Health and Safety grounds.

4.2 Controls on Surplus Balances

Surplus balances held by schools are permitted under this scheme and to subject to the following restrictions with immediate effect. ~~Central Bedfordshire does not operate a balance control mechanism. The LA will monitor schools that have build up significant uncommitted balances, and challenge schools seeking reasons for holding these balances.~~

- (1) For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
- (2) the Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance;
- (3) the Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned (earmarked) for specific

¹ This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the 1998 Act.

purposes permitted by the authority, and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums. The Authority may not take into account any change in planned assignments which could be the sole reason for considering that a sum is not properly assigned.

(4) (calculation of claw-back amount - one of the options below)

Option 1

if the result of steps (1) – (3) is a sum greater than 5% of the current year's budget share for secondary schools, 8% for nursery, primary and special schools, or £25,000 (where that is greater than either percentage threshold), then the Authority shall deduct from the current year's budget share an amount equal to the excess.

Option 2

if the result of steps (1) – (3) is a sum greater than 5% of the current year's budget share for secondary schools, 8% for nursery, primary and special schools, or £25,000 for schools more than 100 pupils and £35,000 for schools with less than 100 pupils (where that is greater than either percentage threshold), then the Authority shall deduct from the current year's budget share an amount equal to the excess. (note: in 16/17 we have 22 lower schools with less than 100)

Option 3

if the result of steps (1) – (3) is a sum greater than 10% of the current year's individual school budget share for secondary and special schools and 15% for primary and nursery schools, then the authority shall deduct from the current year's budget share an amount equal to the excess.

Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

Where the total balance exceeds the threshold's set out in (4) above, Governing bodies are required to report to the LA on the use which the school intends to make of surplus balances – after taking account of any earmarked funds, as per the annual CFR return.

The following list of purposes and/or projects which may be permitted by the Authority for deduction from the schools surplus balances when calculating the claw-back amounts.

- Revenue contribution to a specific capital project which has been costed and planned for the use of devolved formula capital received or described in the LA capital programme, including ICT and equipment.
- Managing short-term implications of pupil numbers whilst class and/or staffing structures are revised.

- Managing long-term unexpected staff sickness.
- Monies held on behalf of another school that will be distributed or spent in the next financial year.

All such expenditure must be clearly costed and identified within the school's financial plan submitted to the Authority. The plan will be reviewed and agreed by a Sub Group of the Schools Forum, each year and monitored to ensure such surpluses are used appropriately for the benefit of the school. The Sub-Group of the Schools Forum will consider the explanations provided by schools and make recommendations to the Authority, it is the Authority that will ultimately determine whether deduction of 'excess balances' is to be made.

The total of any amounts deducted from schools' budget shares by the Authority under this provision are to be applied to the Schools Budget of the Authority for the following financial year. Any surplus balances removed from schools will be redistributed to all maintained schools (excluding academies) holding less than the permitted surplus percentages/amount in the following financial year.

The calculation of the excess balance will be notified by a letter in the format of Appendix (E). Schools will also be required to complete the Declaration of Earmarked Funds and Surplus Balances, which must be submitted to the LA and supported by relevant evidence.

Relevant evidence must support B02 Uncommitted Revenue Balances and be in written form and may comprise of:

Finance Governors Minutes

Three year plans

Projected Pupil Numbers

Correspondence with Contractors

Any other relevant information

APPENDIX (E)

The Head Teacher and Chair of Governors

Dear Colleague

2016/2017 Confirmation of School Budget Surplus / Deficit Balances

I am writing to confirm your final position for _____, which should correspond to that previously reported to you in your Period 13 report and your Final CFR return.

Your school had a balance of £ _____ (including earmarked funds) as at 31st March 2017.

<u>Committed Revenue (B01)</u>	<u>-</u>	<u>Per your CFR Return</u>
<u>Uncommitted Revenue (BO2)</u>		<u>Per your CFR Return</u>
<u>Devolved Formula Capital (B03)</u>	<u>-</u>	<u>Per your CFR Return</u>
<u>Other Capital (B05)</u>	<u>-</u>	<u>Per your CFR Return</u>
<u>Extended School Balance (B06)</u>	<u>-</u>	
<u>Total Reserves</u>	<u>£</u>	

These balances are subject to Section 4 The treatment of Surplus Balances in the Scheme for Financing Schools and are subject to claw-back of £ _____ calculated as per Section 4 of the Scheme.

<u>Uncommitted Revenue (BO2)</u>	<u>£</u>
<u>5,8% and other thresholds allowed</u>	<u>£</u>
<u>Claw-back</u>	<u>£</u>

Where schools have a surplus balance that exceeds above thresholds prescribed in section 4 of the Scheme, the Governing Body are required to put in place a financial plan which gives explanations of holding these balances. Relevant evidence must support B02 Uncommitted Revenue Balances and be in written form and may comprise of:

- Finance Governors Minutes
- Three year plans
- Projected Pupil Numbers
- Correspondence with Contractors
- Any other relevant information

The plan will be reviewed and agreed by a Sub Group of the Schools Forum. If the Sub Group of the Schools Forum is minded to believe that the school is not retaining the balance for appropriate reasons, then the excess amount of £....will be clawed back from school's budget share.

Yours sincerely,

4.9 Licensed Deficit

Add:

Where financial forecast of the future years are predicted to be in deficit, Schools are required to apply for a provisional licensed deficit. The request for a provisional licensed deficit must be supported by an explanation of the circumstances, which are forecast to cause the School's budget to go into deficit and a detailed recovery plan. The plan will include as a minimum:

- Forecast pupil numbers and other key drivers over the expected recovery period (maximum 3 financial years)
- Detailed information of staffing costs.
- Identification of risks which may impact on the likely recovery plan and an assessment of the likelihood that each risk will occur; the consequent impact on the recovery and what action will be taken to mitigate these effects.

6.2 Circumstances In Which Charges May Be Made

Add:

6.2.20 Recovery of monies from a school relating to provisional Growth Fund payments, where a school has failed to provide evidence of the actual costs incurred for expenditure that the school has claimed on the provisional Growth Fund payments. (i.e. evidence for allocations made based on estimated costs such as; Programme Management, Accommodation, Staffing, Recruitment, Marketing)

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The Academy of Central Bedfordshire (ACB)

All Band 1a and 1b students will have behaved in a fashion that would have met the criteria for a permanent exclusion. In some instances the mainstream schools will have permanently excluded the student, and in others, schools in agreement with the parents / carers of the student will have agreed that student should attend The ACB for their full-time education i.e. the student would be on the roll of The ACB full-time.

Where appropriate, The ACB will support a student in returning to mainstream education, however in some instances this will not be appropriate and the student will remain at The ACB.

Band 1a

Reasons for students attending The ACB as group 1 students will be wide ranging and could include a variety of diagnosed and undiagnosed learning needs.

Students are likely to display some or all of the following behaviours within their mainstream setting:

- being withdrawn or isolating themselves;
- being disruptive and significantly disturbing the learning and well-being of other students;
- being hyperactive and lacking ability to concentrate;
- having immature social skills;
- presenting very challenging and sometimes violent behaviours;
- deterioration of behaviour or emotional wellbeing;
- difficulties coping with school routines and relationships.

Students may not have a medical diagnosis, although a diagnosis may provide pointers for the appropriate strategies to manage and minimise the impact of the disability. The most common type of diagnosis that students could have are:

- emotional disorders;
- conduct disorders;
- hyperkinetic disorders, including attention deficit disorder or attention deficit hyperactivity disorder (ADD/ADHD);
- high anxiety
- self-harm;
- school phobia or depression;

Students will cover the full range of ability, but their difficulties are likely to be a barrier to learning and to persist, despite the implementation of an effective school behaviour policy, and personal and social curriculum.

Band 1a students will require:

- A curriculum that covers a large ability range with significant elements of individual planning.
- Additional support (small group and sometimes 1:1) in many areas of the curriculum to acquire basic learning skills and social competencies.
- Long-term adaptive programmes carried out by specialist support.

- Access to accredited courses and learning which will include GCSE courses and vocational qualifications.
- Additional personalised programmes to address personal and behavioural difficulties, including targeted behavioural programmes.
- Specialist learning environments that take account of size of room, type of curriculum and transition spaces as well as storage
- Significant specialist trained adult input to support them in accessing the curriculum and learning.
- Direct teaching by teachers/instructors as well as support from a staff team with appropriate experience, skills, and training.
- Staff trained to act appropriately in difficult situations using Team Teach.
- Most students will require significantly higher levels of long-term inter-agency co-operation and planning.
- Some students will need additional therapeutic support from school staff and/or external agencies

Band 1b

Band 1b students are those most likely to have received the equivalence of two permanent exclusions and would therefore not be able to return to mainstream education. These students are also likely to have undiagnosed learning / behavioural needs and will require assessment of their needs to identify strategies to support their learning. In some instances, the assessments will identify that the student requires an EHCP and more specialist education e.g. attending a special school.

- Students will demonstrate persistent, severe and frequent challenging behaviour, emotional and social difficulties.
- Students will need access to an environment which includes access to a multidisciplinary team with the skills to provide the interventions or therapies indicated by assessment.
- Students will require additional support in small groups and frequently 1:1 to acquire basic learning skills and social competencies.
- Students will require access to long-term adaptive programmes carried out by specialist support staff
- Students are likely to need significantly higher levels of long-term inter-agency co-operation and planning.
- Students will require a curriculum with significant elements of individual planning, which requires constant individual support to engage in learning.

- Students will need an emphasis on structured help to raise their confidence and self-esteem, increase their concentration and independence, enable them to communicate more effectively, and grasp social/behavioural norms.
- Students will require highly predictable routines for some activities
- Students will need risk assessments which identify appropriate individual support for care, and health and safety needs, which may sometimes require more than one adult.
- Some students will require specific interventions or therapies as indicated by specialist assessment.
- Students will need school staff to work in collaboration with their families to support the implementation of effective strategies at home and in the community.
- Students will need opportunities to be withdrawn from the classroom to a safe area.

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