

Central  
Bedfordshire  
Council  
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**TO ALL MEMBERS OF THE SCHOOLS FORUM**

21 November 2016

Dear Sir or Madam

**SCHOOLS FORUM – HIGH NEEDS BLOCK PRESSURES – REVISED APPENDIX A  
(AGENDA ITEM 5)**

This supplement replaces that dated 15 November 2016. The content of the report remains unaltered but Appendix A has been revised.

Should you have any queries regarding the above please contact me.

Yours sincerely

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**Meeting:** Schools Forum

**Date:** 21 November 2016

**Subject:** High Needs Block of the Dedicated Schools Grant (DSG)  
Update report regarding pressures in High Needs Block

**Report of:** Director of Children's Services

**Summary:** This report provides an update on the status of work agreed regarding High needs Block and identifies in year pressures on High Needs Block.

Contact Officers: Helen Redding, Assistant Director Education and School Improvement

Public/Exempt: Public

Wards Affected: All

Function of: Council

**RECOMMENDATIONS: That the Schools Forum consider the update and:**

1. Support the proposed model of funding for the Academy of Central Bedfordshire (ACB) for 2016/2017.
2. Support the in year adjustment to special school budgets in 2016/2017 to support increased staffing costs in line with those already agreed for mainstream schools and provisions.
3. Consider the options on High Needs Block and agree the recommended option to offset any overspend in 2016/2017 against in year underspends in all blocks.
4. Agree further discussion at Schools Forum to determine the options for 2017/2018 once the closing balance and the outcome of the second stage of consultation is known.

**Background**

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|----|---|
| 1. | The Schools Forum powers and responsibilities 2015/2016 include functions in relation to the High Need Block as set out in paragraphs 2, 3 and 4.   |
| 2. | The Local Authority must consult annually and ask the Schools Forum for a view on financial issues relating to: <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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 Local Authority and schools and the arrangements for paying top-up funding.</li> </ul> |
| 3. | The Local Authority can propose and the Schools Forum decides on central spend on special education needs transport costs. However this can only be up to the value committed in 2014/2015 and where expenditure has already been committed. As Central Bedfordshire did not use DSG for this purpose in 2014/2015, this is not available.  |

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 should be asked for a view and inform governing bodies of all consultations. The DfE does not have a role.
5.	The second stage of consultation on High Needs Block by the DfE is expected soon. Once this is published the Local Authority will consider with Schools Forum any required further local consultations.
<b>Update on Academy of Central Bedfordshire (ACB) funding</b>	
6.	It was agreed that further work was required to differentiate the top up values to correspond with different levels of need of students attending the ACB using a similar model to the special school banding levels. The banding descriptors were shared at a previous meeting. The modelling is attached at Appendix A.
7.	Comparisons were done with top up funding levels at the Social Emotional and Mental Health (SEMH) provisions in mainstream schools (Lancot Primary School and Silsoe Lower School - £11,626) and funding levels at Oak Bank (Band 3: £9,817, Band 4: £16,648, Band 5: £31,648) to ensure that there was some parity against need.
8.	This piece of work will support the move to the proposed new free school should the bid be successful. If successful it is expected that the ACB will no longer accommodate the highest level of need pupils, as they will be accommodated in the new school. At this point the ACB would move to 2 levels of top up funding.
9.	The model attached is the preferred model and reflects what we believe to be realistic costs that would support the curriculum provision needed by these different groups of students accessing places commissioned by the Local Authority. This would equate to £10k top up for Group 1A pupils and £15k top up for Group 1B pupils. If approved there would be an additional cost and therefore in year pressure on the High Needs Block of £70k, which would need to be added to the forecast overspend in 2016/2017 of £95,857.
10.	This model would remove the subsidy for school commissioned places, but the ACB will work with schools to consider comparative costs of other Alternative Provisions and agree future costs for Group 2 pupils. Modelling of this has been included in the attached
11.	There is pressure on the number of Group 1 places, and a perverse incentive to use a Group 1 place, as this costs less for a school. Options for different models of funding that charge a school the full costs of places are being considered. It is proposed that alternative options for charging referring and excluding schools are considered once the second stage of the High Needs Block consultation has taken place.
<b>Update on special schools funding</b>	
12.	There have been a number of meetings with special schools to consider review of special school top up funding in line with mainstream schools.
13.	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.
14.	The current spending in schools has been considered and the historical factors that impacted on the funding levels have been reviewed.

15.	There have been significant carry forwards in 2 of the special schools, although this has allowed one of them to utilise this to contribute towards/fund accommodation to support the significant growth in numbers of pupils, and the other reports that it has earmarked this for future required capital in readiness for further secondary growth for September 2017. The 2 academies report that they have not had significant carry forwards.
16.	The ability to support this level of capital contribution would suggest that the top up values are currently not at the right level, as the budget is primarily to support the specialist staffing and support needed for pupils.
17.	There is an accommodation strategy being developed as part of the delivery of the new SEND Vision, and alternative sources of funding for accommodation are being sought for the future.
18.	The difference in top up values for same levels of need are largely due to the split site element that was tipped into the top up at 2 of the schools, which was based on the same value as mainstream school split site element, and the floor areas.
19.	Discussion with special school leaders included discussion regarding reviewing these elements against actual costs of these factors.
20.	Concerns were raised regarding the additional work reviewing all of these elements would entail, when it was likely to change in 2018 following the second stage of consultation on the High Needs Block. It was felt that an in year uplift similar to mainstream schools would support the increased staffing costs in special schools. Modelling of this demonstrates that this would cost £58,796 in 2017/2018. This would add to the in year pressure in 2016/2017.
21.	There has been a significant rise in pupils from Luton over the last year requesting Weatherfield and Chiltern which has put pressure on places we have forecast and funded. Places must be offered on a first come first served basis where there are spaces available. Numbers continue to rise in all 4 schools. This puts pressure on the High Needs Block as well as on accommodation. The Local Authority can only request increase in place numbers in the High Needs Block funded schools for Academies, not maintained schools. This is an issue that should be raised in the second stage of consultation when it occurs.
22.	Any additional requests for places from out of Authority where a school is at funded place number would be charged at full costs (place and top up element). Where individual schools do not have sufficient revenue budget to support new admissions, we may need to consider some additional part year place and top up funding. This is not currently built into the forecasts.
23.	Supporting admission of Central Bedfordshire pupils into Central Bedfordshire schools negates the need to place children out of area. Both Chiltern and Ivel Valley schools are already significantly over the number of funded places, but are continuing to support admissions into their schools where they can meet need in line with the SEND Code of Practice. Any requests from out of area that are agreed are charged at place and top up value.
<b>Current and forecast position on High Needs Block</b>	
24.	There is a current forecast overspend of £95,857 in the High Needs Block due to insufficient budget to cover the costs of high needs pupils. This takes into account estimated numbers of children who may receive an Education, Health and Care (EHC) Plan or require additional support. It does not take into account any further out of Authority placements or the additional costs of the ACB (£70k) and special school top up elements (£58,976), subject to School Forum 's view on these elements. This is a potential pressure of £224,833.

25.	<p>This is mainly due to:</p> <ul style="list-style-type: none"> <li>• Significant rise in pupil numbers in special schools – we are currently only able to apply annually for growth in Academy places.</li> <li>• A rise in the number of pupils with an EHC plan/statement.</li> <li>• A rise in the number of early years children requiring additional support – for a significant proportion of these children an EHC assessment is initiated/completed so this is short term funding.</li> <li>• ACB admitting pupils above the numbers of places commissioned by the Local Authority. As the provision for pupils at risk of permanent exclusion, we are required to make this provision.</li> <li>• A small amount of medical needs supply cover in the summer term.</li> <li>• A rise in Out of Authority placements.</li> </ul>
26.	<p>Some out of Authority placements are required for social care reasons, but education is required to pick up the educational cost element. Some pupils without an EHC Plan are referred to tier 4 mental health hospital provision, where the Local Authority is required to pay the education costs during the admission. There has been an increase in both these numbers.</p>
27.	<p>The Disability Review linked to the SEND Vision aims to look at what additional provision is required locally to support children staying in Central Bedfordshire when this is needed.</p>
28.	<p>Case loads in peripatetic specialist services continue to increase, which will require further review in the future, with possible variations to contracts.</p>
29.	<p>The table below shows the initial budget allocation from High Needs Block, the spend to date, and forecast end of year spend. As in previous years, overspends have been offset in High Needs Contingency.</p>

30.		16/17	Current spend	Forecast end of year spend	Forecast Balance
	Early Years children with SEN and disability allocation support function	28,000	16,333	28,000	0
	EY Advisory teachers	200,000	116,667	200,000	0
	Early Years SEN Funding	250,000	186,896	280,000	-30,000
	Therapies	50,000	31,060	50,000	0
	Statements/EHC Plans	500,000	265,192	500,000	
	Academy Statements/EHC Plans	3,652,497	2,024,767	3,652,497	0
	Outreach and High Cost Pupils	600,000	496,954	600,000	0
	Out of County Placements (Pre 16)	900,000	1,298,054 (not all income in)	972,760	-72,760
	SEN Additional Pupil Support	270,000	187,733	267,000	3,000
	High needs Post 16	1,761,600	1,960,127 (not all income in)	2,261,748	-500,148
	Access and Inclusion	101,710	59,331	101,710	0
	Virtual School	283,210	165,206	283,210	0
	Other Authority Top Up Payment	1,043,880	749,229	829,640	214,240
	DSG Contribution to Central overheads	719,280	719,280	719,280	0
	Commissioning	2,552,744	2,419,619	2,784,172	-231,428
	<b>Total</b>	<b>12,912,921</b>		<b>13,530,017</b>	<b>617,096</b>
	High Needs Contingency*	606,980	80,610	702,837	-95,857

**Conclusion and next steps**

31. There is insufficient budget in High Need Block to fund actual costs. This issue has been raised with the DfE. Concerns have been raised with the EFA that while we can increase numbers based on actual pupil places required in Academies in the annual High Needs Return, we cannot do this for maintained schools, so this has had to be funded from current High Needs Contingency.
32. The Schools Forum has agreed the use of unspent High Needs Block DSG to fund High Needs capital provision over the last 3 years. It had been forecast that this year would be the pressure year, but it had been anticipated that the High Needs Block would have been reviewed by 2017. This has been deferred for a year.

33.	<p>Should there be a deficit in the High Needs Block at year end, there are a number of options to consider:</p> <ul style="list-style-type: none"> <li>• The overspend is offset by any underspend in Schools and Early Years Block in 2016/2017 only (there has been some underspend in previous years)</li> <li>• The deficit is carried forward to be funded by the schools budget in 2017/2018. This would require the Schools Forum to decide.</li> <li>• It is likely that there will be insufficient High Needs Block in 2017/2018. This would require agreement on movement between blocks and School Forum's approval (subject to regulations allowing)</li> <li>• Some uses of High Needs Block is ceased in 2017/2018</li> </ul>
34.	<p>It is recommended that Schools Forum is asked to support the view that any underspend in Schools and Early Years Block offsets any end of year overspend in the High Needs Block in 2016/2017.</p>
35.	<p>It is recommended that Schools Forum receives an update on actual spend at then end of the financial year that provides the actual position. Current forecasts are based on actual spend plus historical assumptions. This will enable the Schools Forum to consider and give a view on the options for 2017/2018. It is anticipated that the second stage of consultation on the High Needs Block will be completed by this time, which will aslso inform possible options.</p>

**Appendices:**

Appendix A: Financial Modelling for Academy of Central Bedfordshire



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