
Meeting: Schools Forum

Date: 26 November 2012

Subject: School Funding Reform: Update on arrangements for 2013/14 High Needs Block (including Alternative Provision)

Report of: Deputy Chief Executive and Director of Children's Services

Summary: The report provides an explanation on the High Needs Block Funding and a summary of changes and the implications of those from 2013/14. It summarises the ongoing modelling work with the Special School Leaders and highlights potential issues/risks for 2013/14.

Contact Officer: Helen Redding, Head of Learning and School Support

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency (if appropriate)

RECOMMENDATIONS:	
1.	That Schools Forum note the report and direction of travel
2.	That a further report on use of current Direct Schools Grant (DSG) for SEN and future use of High Needs Block be presented to the January School Forum meeting. This to include impact of the further modelling on special school budgets

Background
<p>1. Since the beginning of the financial year 2006/07 Councils have received allocations of Dedicated Schools Grant (DSG) to finance the Schools Budget in each authority. The DSG is a specific ring-fenced grant based on historical spending levels. The allocation is the full time equivalent number of pupils as at January census multiplied by the Guaranteed Unit of Funding (GUF) applicable to each local authority. The GUF for Central Bedfordshire is £4,658 for 2012/13.</p> <p>2. The Department for Education (DfE) held 2 Consultations in 2011; 'Rationale and Principles' and 'Proposals for a fairer system'. The second Consultation proposed replacing the current schools funding distribution mechanism. The aim for a transparent, fairer and less complex system.</p>

3.	On the 26 th March 2012, the Department for Education (DfE) launched a third Consultation 'Next steps towards a fairer system' which ended on the 21 st May 2012. This consultation built on how a fairer system may be implemented and operated. The final arrangements for 2013/14 were announced on the 28 th June 2012.
4.	The initial consultations and information gathering have focussed primarily on the Schools Block element. Guidance around the process for the High Needs Block have been vague, and elements have changed throughout the process. Concerns have been raised by a number of Councils regarding the implications of the speed of expected implementation in the light of the Draft Children and Families Bill (September 2012), particularly as the main aim of this is to develop parental confidence in the system.
5.	A Regional Meeting has been attended by Children's Services Officers and the Special School Representative from the Schools Forum. Other meetings have been attended by Officers for the Finance Department. A further meeting regarding Post 16 funding has been attended by Officers. These meetings have not yet clarified the proposed arrangements, or the financial envelope available.
Funding Arrangements 2013/14	
6.	From 2013/14 the DSG will be split into three notional blocks; Schools, Early Years and High Needs. Authorities are free to move funding between the blocks provided that they comply with the requirements of the Minimum Funding Guarantee (MFG) and central expenditure.
7.	There will be no additional funding before at least 2015. The DfE have confirmed they will introduce a national funding formula in the next Spending Review period. The 2013/14 settlement will be based on 2012/13.
8.	In order to support the movement towards a national funding formula, all local authorities are required to simplify local arrangements for distributing funding to schools and other providers.
Mainstream Schools	
9.	The DfE recommend that mainstream schools will fund the first £6k towards SEN provision from their delegated budget, which is broadly in line with the current expectation that schools fund the first 12 hours of support. Schools were comfortable with this in their response to the Consultation initiated in September 2012. Pupils with statements of SEN will receive additional support against assessed needs from the High Needs Block as they do now.
Specialist Provisions/Resourced Provision in Mainstream Schools	
10.	Funding for Specialist Provisions in schools will be based on the required number of places, as it is currently. This will be made up of £10k base funding plus top up to the current agreed level.
11.	For Autistic Spectrum Disorder (ASD) and Behaviour, Emotional and Social Disability (BESD) Provisions the top up would equate to £6,967 per place

12.	For Hearing Impairment Provisions the top up would equate to £13,248 for a Lower School Specialist Provision place, £10,668 for a Middle School Specialist Provision place and £8,942 for an Upper School Specialist Provision Place.
13.	There are currently 2 Lower Schools which have resourced Language Provision (St Andrews in Biggleswade and Heathwood in Leighton Buzzard). The pupils all have statements of SEN and are based in the mainstream classes and receive additional specialist support for their specific language/communication need from staff and a Speech and Language Therapist provided by the Health Service. Places/pupils are funded at £8,280 (Band D statement) which meets their needs so a top up would not be required. We are considering ways of managing the fact that these fall below the £10k base rate for specialist provision places.
Special Schools	
14.	Special Schools will no longer have delegated budgets on the same basis as other schools. The factors previously allowable for Special Schools and those still allowable for mainstream schools are not allowable from 2013/14. The expectation is that the costs currently within the additional factors in a school's budget must be targeted against the pupil/place element. This means for example there will be no option for a Lump Sum, no element for split site etc. The pupil/place element will therefore have to include the costs of running and managing the school. The base funding for a Special School will be £10k per pupil/place, plus top up against agreed criteria/guidance.
15.	Currently Special Schools are funded on the number of pupils on roll as at January PLASC date. The Council charges other Councils retrospectively for costs of pupils they have in our schools, and are charged by other Councils for any pupils placed by us in their schools.
16.	From 2013 funding for special schools will be based on £10k per number of required places based on numbers reported in 2012/13, plus a top up provided by the commissioning Authority which will link to an assessed need of the pupil. Where the pupils are Central Bedfordshire pupils, this will be provided as part of the school's budget share, and where the pupils belong to other Councils, the school will invoice the commissioning Council in advance for the top up element at the agreed level. If there is a requirement in future to increase place numbers, detailed evidence will need to be provided to the Education Funding Agency (EFA) to substantiate this.
17.	Pupils are admitted into special schools at any point in a year. Children's Services Officers have looked at historical pupil increases in each school and estimated the number of potentially required places across the financial year for each school. In order to keep stability in the budget for these places, the schools will be allocated indicative banding levels for top up across these places which represent the profile of need at that school.
18.	Pupil Premium is in addition to the High Needs Block and will remain a separate grant in 2013/14, although the Departments long term intention is to merge with the DSG. The Premium for 2013/14 has increased to £900 and will continue to be based on Ever 6 (Free School Meals).

19.	<p>Following discussions with Special School leaders, consideration is being given to cease holding Pupil Premium (PP) centrally as previously approved by Schools Forum. This was approved on the basis that Special Schools received funding against levels of need of a pupil already. While it is set out within the current School Finance Regulations that PP can be retained centrally for Special Schools</p> <ul style="list-style-type: none"> • since Weatherfield became an Academy, they receive PP directly from the EFA which provides disparity across the schools; • within the new Ofsted Framework schools are inspected and judged on the use of their allocated PP
20.	The Minimum Funding Guarantee (MFG) is set at negative 1.5% per pupil for both 2013/14 and 2014/15.
Pupil Referral Unit (PRU)/Alternative Provision (AP)	
21.	The PRU will be funded in the same way as a Special School, but with a base unit of £8k. The Academy of Central Bedfordshire (The AP Free School) which will open on 1 September 2013 would be funded differently as an Academy Free School via the Education Funding Agency (EFA). The base funding for AP is £8k per place. The LA would fund any top up required when commissioning provision from the school as an alternative to permanent exclusion.
Consultation and ongoing work with Special Schools	
22.	Special School leaders have been meeting regularly and are continuing to meet with the Council in order to consider the options for models of funding that are open and transparent and are within the current costs of special schools.
23.	Following those discussions, additional modelling is being carried out in order to enable funding to be consistent across types of school but in ways which capture the specific contexts of those schools, i.e. Area Special Schools which operate across two or more sites (Chiltern and Ivel Valley) , a Moderate Learning Difficulties, School (Weatherfield Academy), and a BESD School (Oak Bank).
24.	The banding descriptors are being reconsidered during November in light of the above, which will impact on the values of all bands. The base value for Band 1 must be a minimum of £10k
25.	Funding is allowed to be held centrally and allocated accordingly for any extended role of a special school such as commissioned work for Outreach and other services. Chiltern, Ivel Valley and Oak Bank are currently commissioned to carry out an Outreach role, and from January 2013 Chiltern and Ivel Valley have been commissioned to deliver the Early Years Children With Disability Service. This will be recommended to continue.
26.	The principle behind the reforms is a simpler system that enables the equivalent value to be placed against a pupil's level of needs wherever they go to school. This cannot be achieved within the proposed system with the different school contexts and additional costs of split sites etc. Concerns have been raised with the EFA and DfE regarding this.

Recoupment
<p>27. Recoupment is the process by which Councils acting as the Local Authority receive and pay costs of pupils with statements who are educated in another Authority's school (mainstream or special). Income overall is usually at similar levels to expenditure. Currently, recoupment is charged retrospectively between Councils. Other Councils send Central Bedfordshire a schedule of pupils and costs based on a daily rate. These are checked and in terms of start and end dates and costs, and Children's Services Officers submit similar schedules to other Councils where we have pupils attending their schools.</p>
<p>28. Under the new funding arrangements, schools will be required to take on responsibility for the charging the top up element to the commissioning Council for pupils with statements in their schools. In Mainstream Schools this will be top up beyond the £6k, and in Special Schools and Specialist Provisions within Mainstream Schools this will be top up beyond the £10k.</p>
<p>29. Currently this would impact on 38 Mainstream Schools (mainly pupils with statements of SEN from other LAs not in a specialist provision), and all Special Schools. Currently there are 27 pupils from other Councils on roll at Ivel Valley, 10 at Chiltern, 6 at Weatherfield and 6 at Oak Bank.</p>
<p>30. This process has significant administrative and training implications for schools as it is a new process for them.</p>
<p>31. It is proposed that initially Central Bedfordshire will support schools in this process by providing the first set of schedules with the allowable charges in. It is also being considered that for the first year the Special Schools may look to deploying a member of staff to carry out this role on their behalf with support from CBC. This will help ensure consistency of approach going forward.</p>
<p>32. Due to the potential instability of income if a pupil is removed by another Council, the Special School Leaders Group is also considering whether it might be appropriate to have contracts in place which other Councils that indicate a notice period, in a similar vein to those held between the Council and Independent Out of Authority Special Schools. This is because of the risk of needing to continue to pay salaries for support to an individual pupil between the date of the pupil leaving and the notice period of their contract being served (if required).</p>
<p>33. From 2013 the Council will be required to pay in advance for pupils where they have named another Council's school on the Statement of SEN. DSG from the High Needs Block will need to be retained centrally to fund this.</p>
De-Delegation
<p>34. De-delegation is not allowable for Special Schools.</p>
<p>35. Special School leaders have indicated that they would want to buy into Facilities Time if this service was available. However given the number of staff that are employed by the Council in schools this will need to be a corporate Council decision.</p>

36. In order to retain a contingency to fund Outreach and other commissioned services, a recommendation would need to be proposed to Schools Forum to retain this centrally. This recommendation will be included in the January School Forum paper
CAPACITY BUILDING FOR POTENTIAL INCREASE IN SEN POPULATION
37. It was raised at the October Schools Forum meeting that a means of funding required growth in Special Schools and specialist provision to accommodate the growing population who might require special school or specialist placement should be considered and brought to a future meeting of School Forum.
38. The Council will need to produce criteria on which this might be allocated, and set out the circumstances in which a payment could be made and a basis for calculating the sum.
39. Any centrally retained funds remaining at the end of the financial year must be added to the following year's DSG and reallocated to maintained schools and Academies through the local formula.
Next Steps
40. Re-model funding for special schools on basis of revised descriptors and context related factors pertaining to types of schools, such as split sites.
41. Work with neighbouring Authorities to reach agreement on consistent processes for changes in recoupment.
42. Model potential impact of changes in post 16 funding arrangements.
43. Produce detailed report for January Schools Forum