
Meeting: Schools Forum
Date: March 2017
Subject: High Needs Block of the Dedicated Schools Grant (DSG)
Report of: Sue Harrison, Director of Children's Services
Summary: The report outlines how the centrally retained DSG has been allocated in 2016/17 and identifies requirements for centrally retained High Needs Block for 2017/2018. It also highlights the potential pressures on the budget based on the total spend from High Needs Block and identifies areas where procedures require revision.

Advising Officer: Sue Harrison
Contact Officer: Sue Harrison
Public/Exempt: Public
Wards Affected: All
Function of: Council

RECOMMENDATION(S):

The Schools Forum is asked to:

- 1. Note how the centrally retained High Needs Block has been used in 2016/2017 to support high needs provision and the pressures reported in November 2016.**
- 2. Comment on the proposed actions to realign and manage costs in 2017/2018 which include a range of cost saving recommendations.**
- 3. Agree to receive a paper at the next meeting that considers Early Years Block and High Needs Block together, so overall potential pressures can be confirmed in 2017/2018 and inform proposals for 2018/2019 taking into account outcomes of the consultation on High Needs Block.**

Introduction

The dedicated schools grant (DSG) is the main source of government funding to local authorities (LAs) for education provision. It is currently divided into three blocks: schools, high needs, and early years. In consultation with the schools forum, local authorities make decisions about how to split the DSG funding they receive between their budgets, and on the local formulae which determine the allocations for individual schools and early years' providers. Transfers between blocks requires school forum approval, however alignment with budget to phase for spend is desirable and is a sensible alignment and not a transfer. LAs are also responsible for deciding how many places for children and young people with high needs, in special schools and units, and in colleges, should be funded. Finally, they are responsible for allocating top-up funding for children and young people with high needs. These responsibilities are aligned with our statutory duties under the Children and Families Act 2014.

The national high needs budget of more than £5 billion per annum is rising by over £90 million this year. The DfE announced in July that it would use local authorities planned spending levels in 2016-17 as the basis for high needs funding allocations for 2017-18 and, move to a national funding formula from 2018-19.

The DfE also confirmed that additional high needs funding would be allocated, and the amount of additional funding for each local authority was confirmed in the 2017-18 DSG allocations published in December 2016. The new national funding formulae for schools, high needs and local authority services for schools will be in place for 2018-19. However, LAs can still use their local formulae in that year. The dedicated schools grant (DSG) will be split into 4 blocks – for schools, high needs, early years (consulted on separately) and central school services.

The technical descriptions of underlying DfE data sources and methodologies for each formula factor can be found in a technical note. They are also publishing a step-by-step calculation of the illustrative allocations. For the Schools Block, Forum already been presented with this along with explanation of how the illustrative calculation has been made. It is important to be clear that this provides an illustration of likely impact, rather than setting out the precise allocations that local authorities would actually receive in future. These illustrations make no assumption about changes to pupil numbers, or to any of the other data that will be used to calculate each local authority's allocation. As circumstances change, the formula will take account of the relevant data changes and re-calculate each authority's actual allocation accordingly. The step-by-step calculation and technical note also explain how the funding floor will operate in relation to such changes. Consultation outcome may change any of these assumptions.

Budget and Spend in 2016/2017

The table below sets out the budget agreed in 2016/2017 and forecast at year end.

	April 2016	March 2017	Forecast balance
Early Years children with SEN and disability allocation support function	28,000	28,000	0
Early Years SEN Advisory teachers	200,000	200,000	0
Early Years SEN Funding	250,000	297,115	-47,115
Therapies	50,000	42,024	7,976
Statements/EHC Plans	500,000	579,151	-79,151
Academy statements	3,652,497	3,652,497	0
Special School Outreach and High Cost Pupils	600,000	583,436	16,564
Out of County Placements (Pre 16)	900,000	1,038,442	-138,442
SEN and Additional Pupil Support	270,000	246,370	23,630
High needs Post 16	1,761,600	2,328,118	-566,518
Access and Inclusion	101,710	93,864	7,846
Virtual School	283,210	283,210	0
Other Authority Top Up Payment	1,043,880	912,254	131,626
DSG Contribution to central overheads	719,280	719,280	0
Commissioned contracts	2,552,740	2,804,898	-252,158
TOTAL	12,912,917	13,808,659	-895,742
HN Contingency	472,904		-423,838

The forecast overspend on the High Needs Block based on February forecasts taking into account information provided by the SEND Team is £423,838. This is an increase in the forecast overspend since the November report. This will be offset by any underspend in Early Years Block as agreed with Schools Forum in January 2017.

Forecasts are adjusted on a monthly basis with updated information. Several cost areas are needs based and are as a consequence of evidenced based applications for additional support. These are only agreed if schools and settings can evidence what they have already put in place and the impact of that. Forecasts are based on historical data and analysis of panel decisions.

Schools Forum agreed at their meeting in November 2016 that any overspend in 2016/2017 would be covered by underspend in the Early Years Block. Indeed, there is a logic to spend the

budget lines 'Early Years children with SEN and disability allocation support function' and 'Early Years SEN Advisory teachers' to that block to align the spend with the target phase.

Services funded by High Needs Block in 2017/18

Early Years Children with Disabilities - retained panel and support function

1. The panel process and support function has been retained centrally, and ensures that children are allocated support when required. This element of DSG supports the salary costs of the member of staff who coordinates this process as well as administering and supporting the process for pupils who are of school age (SEN and additional pupil support). To align casework loads with the budget heading. **It is proposed this post to be considered in the context of integrated working with Safeguarding and Early Years in 2017/2018 and that the cost be set against the Early Years' Block (£28,000).**

Early Years SEND Advisory Teachers - SEND Team

2. This Service provides support and advice to early years' settings with regard to children with additional needs.
3. This Service supports the delivery of the SEND Vision and Strategy providing advice on early intervention and prevention as well as school readiness in settings and ensuring that children receive the right support at the right time and make good progress.
4. The Technical Sub Group of the High Needs Block met on 23 February 2017 and proposed that, if there was pressure on the High Needs Block, this function should be set against the Early Years Block in 2017/2018. **Discussions with the manager of the Early Years Block has highlighted that The Early Years' Budget for 2017/18 could support this work and it is proposed that this be agreed (£197,008).**
5. **Supporting inclusion for high needs 3 and 4 year olds in early years' settings:** This budget supports children in settings and nurseries with high needs who do not yet have an EHC Plan, but require additional support to meet their needs. This budget is based on applications made to a panel. It was increased to £250,000 in 2016/2017. It has supported inclusion for 313 children across this financial year, compared to 278 in 2015/2016. It is currently forecast to overspend by £47,115. At the Technical Sub Group meeting of the High Needs Block on 23 February 2017, it was proposed that further review of this budget is carried out in 2017/2018 alongside the inclusion spending in Early Help and that it is considered for funding from Early Years Block. **It is proposed to cover the funding of panel decisions that support this function to £250,000 in 2017/18 from the Early Years' Block**
6. The process for applications from the high needs budget, held in early help services to support inclusion, has been streamlined but requires further review in 2017/2018.
7. **Therapies:** This budget is used to support therapies such as Speech and Language Therapy and Occupational Therapy where it has been specified as an assessed need on a Statement of SEN or EHC Plan that therapy is required on a more regular basis than can be accessed through Health Services. This budget has been reducing year on year. **It is proposed to reduce the budget further to £40k in 2017/2018 as a High Needs element.**

8. **Statements/EHC Plans:** This budget is used to fund support for pupils with new EHC Plans in all schools across the year. The budget is transferred as schools become Academies. This budget is forecast to overspend by £79.151 in 2016/17. **It is proposed not to increase the budget from 2016/17. The High Needs Block earmarked for this function in the 2017/2018 budget is proposed to remain at £500,000.** The support offered to pupils with an in-year EHC Plan will have to be tailored to match available resources and tighter monitoring processes will be required.
9. Requests for assessment have continued to increase in line with the increase in the population, and pupils with EHC Plans or statements remain at a similar percentage of the school age population to previous years. Thresholds for assessment have not changed, and schools continue to use the Graduated Response Guidance to support the process in evidencing applications. Advice and training is provided to schools that are not demonstrating their use of the strategies outlined in the Graduated Response documentation in their applications for EHC Assessment. Additionally, we are training more facilitators to support the SEND audit and action planning process (AptGO) in their localities, thus building capacity in local areas.
10. **Statements/EHC Plans:** This budget is used to fund the cost of statements/EHC Plans in schools. Funds are paid termly, and money is moved between maintained schools and academies to follow pupils. **In 2017/18 the allocation is £7,081,813 and this sum has been included in the schools' initial budgets already advised to schools. £4,446,000 is allocated to academies and £2,635,813 is allocated to maintained schools.**
11. **Special School Outreach and High Cost pupils:** This budget supports commissioned outreach from 3 special schools for pupils with additional exceptional needs and pupils that have evidenced assessed needs that require additional support to maintain them in our local special school provision (for example an additional Teacher Assistant support for the most vulnerable pupils). This budget is forecast to underspend by £16,564 in 2016/17. **It is proposed to reduce the budget set in 2016/17 to £500,000 in 2017/18.**
12. **Pre16 Out of County Placements:** This budget is allocated to fund Out of Authority Specialist Placements. Some of these pupils have been placed as we have been unable to meet needs locally, and some are at the direction of the SEN and Disability Tribunal (SENDIST). Health and Social Care services pay a contribution towards some placements. Currently there are 11 pupils who are 16 and under placed out of Authority by education, and 1 by Social Care where DSG funds the education element. 5 became post 16 in year and so their costs have moved to post 16. Of the education led placements, we have received a health contribution for 3 pupils, and a social care contribution for 3 pupils. The work being undertaken through the SEND Vision and Strategy to review local provision is pivotal in driving down these costs and supporting more children locally. The proposed budget is based on known pupils. Clearly, some pupils are currently placed in out of county provision and it is not possible to disrupt these placements. Officers will work with our special school heads to establish if modified arrangements in the authority might reduce this spend. **It is proposed that in 2017/18 we make local provision wherever possible for new placements and that there is more rigour in our approach to recouping contributions from health where appropriate. The budget is proposed as £950,000.**

13. **Additional Pupil Support:** This budget is allocated to support pupils with additional needs for fixed periods of time. Many of these pupils are undergoing statutory assessment or may need to undergo assessment imminently, and this budget supports schools in supporting these pupils' needs until the end of this process. A significant number of pupils who require this support are at risk of permanent exclusion, and specialist agencies are always involved. Any new requests get approved at Panel. This is forecast to underspend in 2016/2017 by £23,630 and so will reduce the budget in 2017/2018. **The proposed budget is £200,000**
14. **High Needs Post 16:** This budget funds all provision for pupils who are post 16 and with high needs, including out of authority placements, top up funding for statemented pupils who are placed in other Local Authorities' schools, high needs college and post school placements, including independent specialist providers. This budget was initially set 3 years ago by what the EFA funded the Local Authority for Post 16. There has never been sufficient budget provided to fund post 16 costs, and it has historically been offset by Pre-16 DSG. This has been regularly reported to Schools Forum. Although the Local Authority does not receive budget in this way from the EFA any more, we have kept Post 16 costs together to provide a clear overview. This budget is forecast to overspend by £566,518 and requires more stringent monitoring of commissioned contracts. **It is proposed to set the budget at £2,300,000 in 2017/18. This is below the spend in 2016/17 but achievable with high scrutiny.**
15. **Access and Inclusion:** This budget supports the staffing costs of the management of advice and process for exclusions and elective home education. It is forecast to underspend by £7,846. **The budget proposed for 2017/18 is £100,000.**
16. **Virtual School Management and Delivery:** This budget supports the staffing costs and functions of the Virtual School for Looked After Children (LAC). The Virtual School is now responsible for supporting Looked After Children pre-school and post 16 and ensuring that outcomes improve and all Looked After Children access further education, employment or training. The national changes towards support for children post adoption is likely to impact on the requirements of this service in the future and will have a budgetary impact. Some Authorities fund some elements of the Virtual School function from Pupil Premium Grant, which may need to be considered in Central Bedfordshire going forward. **It is proposed to sustain the 2017/18 budget at the April 2016 figure of £283,210.**
17. **Other Authority Top-Up payments (Pre-16)** This budget is used to fund mainstream statements in other Local Authorities' schools, and the top up element of the statement for pupils placed in other Local Authorities' special schools. According to the current information held by the SEND Team there are currently 67 pupils who are pre-16 accessing schools across the local borders, of which 33 are in special schools and 34 in mainstream schools across the borders; 15 of these are at St Johns and Ridgeway in Kempston, and the majority of the others are in Hertfordshire special schools. There needs to be a concerted effort to place pupils in Central Bedfordshire in order to reduce costs. **It is proposed to set the 2017/18 budget at £850,000.**
18. **DSG contribution to Central Overheads:** This is allocated to central overheads of the local authority to support DSG related functions. The sum is a recharge of a set percentage of the overall budget available. **In 2017/18, this sum is £719,280.**

19. Commissioned contracts

Hearing Impaired Service

20. The HI Service has been managed by Harlington Area School Trust (HAST) since 2011. The contract was extended in 2014 to 31 August 2018. In July 2015, there were 173 pupils on the caseload, and during academic year 15/16 caseloads were consistently around 184 pupils, with most pupils being supported through peripatetic work. By the end of the academic year the service was supporting 59 pupils with a statement or EHC Plan. Most pupils on caseload (94 at end of academic year) are monitored termly, half yearly or annually.
21. Numbers of pupils accessing the HI Provisions reduced in 2016, and so the service could be flexible and meet the increase demand for peripatetic support within the existing contract arrangement. The contract price is split between that funded to schools through provision places (10k per place plus £16,368 top up for Lower and Middle School places and £16,858 top up for the upper school places), and the peripatetic element of £195,000.

Visual Impairment Service

22. The Visual Impairment Service has been managed by HAST since January 2014 and is due to be reviewed for 31 August 2018. **The contract price was agreed at £252,576.** Caseloads have remained broadly similar to previous years, with a slight reduction in caseload in 2015/2016 to 98 from 104. 37 had an EHC Plan or statement, and 24 were pre-school aged (birth to 4 years). Caseloads are currently at 91, and 6 are Braille users. 5 are seen weekly and 4 fortnightly, 6 monthly and 5 half-termly, 42 termly, 22 twice yearly and 7 annually or on request. 19 are in special schools, and 10 are pre-school age. 33 have a statement of EHC Plan. **There is potential for this contract to be reviewed for 2018/19.**

Medical Needs Service

23. The Medical Needs Service has been managed by HAST since April 2013. **The contract was extended in April 2015 until 31 August 2018 and the contract price was amended following Schools Forum in January 2015 to £643,890.** This was to reflect the change in requirements of delivery of the service to deliver as many hours as a pupil was medically able to access on the advice of a medical expert as set out in DfE Guidance. There has been some very initial discussion as to whether in future HAST may consider this service as a Free School application.
24. As at December 2016, caseload was at 54, with 3 pupils being of primary age, and the majority (33) being in years 10 and 11. 29 have CAMHs involvement. These numbers are consistent with previous years. **There is potential for this contract to be reviewed for 2018/19.**

Jigsaw Centre

25. The Jigsaw Centre has an agreed contract price of £477,331. There continues to be increases demand on the peripatetic service as well as an increased demand on Day 6 Provision at the centre itself. The Jigsaw Centre has increased its income in 2016/2017 for chargeable elements of the service. The Strategic board of the Jigsaw Service has initiated a review. **This contract is subject to a variation in 2017/2018 and may be recommissioned from an alternative provider at a reduced cost of £450,000.**

Early Years Children with Disability Service

26. The contract is jointly held by Chiltern Area Special School and Ivel Valley Area Special School. **The contract price is currently £270,548.** Caseloads continue to increase.

ACB

27. At the meeting of Schools Forum in November 2016, it was agreed that further work needed to be carried out through the Technical Sub Group to consider alternative means of funding the ACB. In December 2016, the DfE initiated the second stage of the High Needs Block consultation, and set out that there would be a consultation regarding Alternative Provision funding later in 2017. The Technical Sub Group will need to take this into account when considering alternative models of funding.
28. At the Schools Forum meeting in January 2017, ACB top up was reviewed to separate into two groups the levels of need of pupils within the Academy, band 1a (£10k) and band 1b (£15k), and completely remove the subsidy for group 2 places commissioned by schools. 106 places were commissioned by the local authority in 2016/17; 38 places were purchased by schools in that year. **For the year 2017/18, the local authority intends to fund 100 pupil Group 1 places; 40 places @ £15K and 60 places @ £10K = £1.2M. Schools have indicated that they intend to purchase just 6 places,** presumably because Group 1 places offer a cheaper way of dealing with a perceived funding problem. Appendix 1 provides details of a model that would enable schools to commission places from ACB. Without buy in from mainstream schools the ACB will falter because of reduced income and additional clawback from the EFA because of unfilled places. Schools are encouraged to share a collective responsibility to fund Model D by agreeing to de-delegate £300,000 from the DSG. Separate buy-in by individual schools will result in a reduced demand that requires the ACB to scale back its operation. In these circumstances, the local authority will have to use its powers of direction to secure places for excluded pupils. This pupil churn is highly undesirable for pupils that find mainstream education difficult to access and for whom alternative pathways, provided by ACB, are desirable. If de-delegation is not a preferred route, collective agreement to make provision for vulnerable pupils is essential. The Access and Inclusion Service reviews all requests and challenges schools if they have not put in sufficient support to prevent exclusion. In Year Fair Access is used in some cases rather than the ACB where appropriate.
29. Commissioned contracts are forecast to overspend due to the 1 year cost of Ardley Hill Academy ASC Provision, as this opened in September it was not funded as a Specialist Provision. The additional costs of the ACB, Medical Needs and supply cover for additional hours required by pupils). Ardley Hill will be funded as a specialist provision in 2017/2018. **The proposed commissioning budget for Jigsaw, Hearing and Visual Impairment, EY with Disability and Medical Needs combined in 2017/18 is £1,812,014.**

Special Schools

30. The new banding values for each school have been set out below:

School	Band 1	Band 2	Band 3	Band 4	Band 5 Oak bank only
Chiltern	0	3083	9251	13418	
Ivel Valley	0	2397	8658	12,889	
Weatherfield	0	1,671	7,838	0	
Oak Bank (SEMH)	0	0	9,817	16,648	31,648

The difference in Band Values for Weatherfield, Chiltern and Ivel valley relate to floor area which was a historic factor that was tipped into top ups when the formula was changed. This needs to be reviewed in 2017/2018 taking into account the new high needs funding arrangements post consultation with an aim of having consistent values for these 3 schools in the future if possible.

31. The CBC allocation to Special Schools based on places and top ups for maintained schools, and top ups only for academies (places are recouped by EFA) would be:

School	Allocation from CBC
Chiltern	3,853,524
Ivel Valley	2,846,348
Weatherfield	208,081
Oak Bank	1,229,952
Total	8,137,905

This does not include top ups that are charged by the school to other Local Authorities. This compares to the allocation from CBC being £7,475,298 in 2016/2017, a difference of £662,607. This increase relates to the growth in numbers.

33. It was agreed at the last Schools Forum that school places in special schools would be reviewed.

Initial Maintained Schools EHC Plans/Statements

34. The amount distributed to maintained schools for EHC plans and statements is £2,635,813 in 2017/18.

Proposed central retained High Needs Block in 2017/2018.

35.

	Budget Required 2017/18
Therapies	40,000
Statements/EHC Plans	500,000
Academy Statements/EHC Plans	2,334,145
Outreach and High Cost Pupils	500,000
Out of County Placements (Pre-16)	950,000
SEN Additional Pupil Support	200,000
High Needs Post 16	2,300,000
Access and Inclusion	100,000
Virtual School	283,210
Other Authority Top Up Payment	850,000
DSG Contribution to Central overheads	719,280
Commissioning	1,812,014
ACB	1,200,000
Proposed centrally retained top up for special schools' empty places	400,000
Total	12,188,649

36.

The indicative High Needs Block DSG for 2017/2018 was announced in December 2016. The 2017/18 High Needs Block includes:

- The High Needs Block base line for 2017/18 plus:
- Additional top-up allocated on the basis of the 2-19 aged population projections for 2017 in each LA.

The table below illustrates the DSG final allocation for 2017/18.

High Needs Block	2017/18 Allocation
Base line	25,886,000
Post 16 (recouped in 17/18)	678,000
Uplift (growth for 17/18)	851,427
Total Indicative DSG	27,415,427

Summary

37.

High Needs Block allocation	27,415,427
Centrally retained forecast costs	12,188,649
Top slice for special academy places	4,446,000
Maintained schools EHC Plan allocation	2,635,813
CBC allocation special schools	8,137,905
Total	27,408,367
Contingency	7,060

Next steps

The High Needs Block Technical Sub Group will need to focus on the following activities in 2017/2018

- Reviewing top ups for special schools, benchmarking with other Local Authority areas.
- As a matter of urgency, agree the funding model for the Alternative Provision free school.
- Re modelling based on outcome of High Needs Block consultation.
- Receive update on reviewing all out of Authority places and income from health and Social Care.
- Review commissioned contracts.

Appendices attached

Appendix 1 - Model of school contributions to fund group 2 top up element of ACB

Appendix 2a – Special Educational Needs January 2016 – EHCP – All Schools

Appendix 2b - Special Educational Needs January 2016 – placement of children - EHCP
– All Schools