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**Meeting:** Schools Forum  
**Date:** 6 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, which includes place recouPMENT for academies and special schools budgets.

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**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 update on the pressures reported in November 2016.**
2. **Comment on the proposed actions to realign and manage costs in 2017/2018 which include:**
  - **Realigning budgets in 2017/2018 to take account of under and overspends forecast in 2016/2017**
  - **Funding some early years activity from Early Years Block in 2017/2018**
  - **Removing the split site element from the top up in special schools and the ACB**
  - **Securing additional income from Health and Social Care towards high cost residential places.**
  - **Consider whether any of the Virtual School functions could be funded from Pupil Premium received.**
  - **Review top ups in special schools for 2018/2019 onwards to support consistency.**
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.**

#### 4. Give a view on the proposed allocation of High Needs Block for 2017/2018.

### Introduction

As set out in the Schools Forum Powers and Responsibilities document, the Council is required to inform the Schools Forum on central spend on high needs block provision. The content of this report provides the detail of this in relation to services, contracts and places funded by High Needs Block.

Contingency has been held in previous years with agreement from Schools Forum to undertake pieces of work and to cover forecast increased costs. Schools Forum have been made aware in High Needs Block reports that 2016/2017 was likely to be the year when the budget would be under pressure, but it was anticipated that the outcome of the national High Needs Block 2 stage consultation would be implemented by then. This has been delayed and the second stage of the consultation is currently underway. All underspend at the end of each year previously has been released with approval from Schools Forum and Secretary of State, so support specific SEND capital projects.

The Technical Sub Group of the High Needs Block met on 23 February 2017 and agreed that the proposed actions listed in the recommendations are taken to reduce spend in the High Needs Block in 2017/2018, pending the outcome of the High Needs Block consultation which is currently in progress, and consider the High Needs Block alongside the Early Years Block in order to identify any potential offsetting in 2017/2018 and future pressures. This will inform a future paper to the Schools Forum.

### Budget and forecast spend in 2016/2017

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

	<b>April 2016</b>	<b>March 2017</b>	<b>Forecast balance</b>
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	1,043,880	912,254	131,626

Up Payment			
DSG Contribution to central overheads	719,280	719,280	0
Commissioned contracts	2,552,740	2,804,898	-252,158
<b>TOTAL</b>	<b>12,912,917</b>	<b>13,808,659</b>	<b>-895,742</b>
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. The majority of this is due to:

- an increase in new EHC Plans and in year costs of these;
- incomplete information relating to CBC pupils in other LA schools. While numbers have reduced, we were forecasting a larger underspend in this area in November;;
- more pupils with high level mental health needs in Tier 4 provision where the LA is required to pick up the education costs while they are in hospital;
- an increase in the forecast overspend to support inclusion in Early Years setting
- an increase in the costs of out of authority placements.

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.

## **Services funded by High Needs Block**

### **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 support reducing pressure on High Needs Block in 2017/2018, this post is proposed to be funded by core budget in 2017/2018.

### **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 forecast pressure on High Needs Block then this function should be considered from Early Years Block in 2017/2018 to offset High Needs pressure.

## Other Functions supported by High Needs Block

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 needs led and spend 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. No update has been received regarding forecast spend in this area.
6. The process for applications for the high needs budget held in early help services to support inclusion has been streamlined, but requires further review alongside the inclusion for High Needs 3 and 4 year olds 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 is a needs led budget and has been reducing year on year. It is proposed to reduce it again to £40k in 2017/2018.
8. **Statements/EHC Plans:** This budget is used to fund new EHC Plans in all schools across the year. This is a needs led budget and is monitored monthly. Budget is moved to Academy EHC Plans as schools become Academies. This budget is forecast to overspend by £79,151. If this budget is spent at similar rates to 2016/2017, more budget is needed in this area, and so an increase has been proposed to reflect spend this year. This enables Schools Forum to see in advance where the pressures are likely to be if no actions were taken to find in year reductions in cost. The DSG currently earmarked for this function in the 2017/2018 SEND budget is currently at £500,000.
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 and 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. **Academy statements/EHC Plans:** This budget is used to fund the cost of statements/EHC Plans in Academies. This is a needs led budget and is monitored monthly. Academies are paid termly, and money is moved from the EHC/Statementing budget to this cost centre against actual predicted spend. The forecast budget for 2017/2018 is based on the information provided by the SEND Team.
11. **Special School Outreach and High Cost pupils:** This budget supports commissioned outreach from 3 special schools as well as the additional exceptional needs of the most complex pupils in our special schools who have evidenced assessed needs that requires additional support to maintain them in our local special school provision (for example additional Teacher Assistant support for our most challenging pupils). This is a needs led budget and is forecast to underspend by £16,564.
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 to 3 pupils, and a social care contribution to 3 pupils. Post 16 pupils are funded through the Post 16 Cost Centre. This is forecast to overspend by £138,442. Most pupils are likely to stay in Out of Authority placements, although some will move to Post 16 costs. The work being undertaken through the SEND Vision and Strategy to review local provision is key to driving down these costs and supporting more children locally. The proposed budget is based on known pupils.

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 be realigned in 2017/2018.
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. With all Post 16 costs, this budget is forecast to overspend by £566,518.
15. There are currently 7 education led post 16 pupils in out of Authority Independent or Non-Maintained Special Schools. Health currently contributes to 1 pupil and Social Care contribute to 2 pupils' costs. There are 3 social care led placements, where DSG picks up the education costs. Numbers are expected to be similar in 2017/2018.
16. Currently 1 pupil is accessing mainstream school and 14 in special schools in neighbouring Authorities' schools. Central Bedfordshire has more children in Central Bedfordshire schools from other Local Authority areas than we have our children attending schools out of Authority. College placement costs are unknown at this point in the year.
17. The amount allocated to Post 16 Provision was originally determined by the Education Funding Agency and Pre 16 DSG has historically supplemented the shortfall. Showing the overspend against the Post 16 allocation has enabled us to monitor the true costs of Post 16 provision and report this accurately. The budget was due to be split against activity in 17/18, but given the change in budget management, it has been left as current in the budget setting for 2017/2018.
18. **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.
19. **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.
20. **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.

21. **DSG contribution to Central Overheads:** This is allocated to central overheads to support DSG related functions.
22. The forecast High Needs Block contingency in 2016/2017 is an overspend of £423,838. This will be offset by any underspend in Early years Block as agreed with Schools Forum in January 2017.
23. The High Needs Block is usually finalised by the DfE in Quarter 1. This will provide information on the allocation, and will enable the figures proposed for 2017/2018 to be finalised.

### **Commissioned contracts**

This is forecast to overspend due to the 1 year cost of Ardley Hill Academy ASC Provision, as this only opened in September and therefore wasn't funded as a Specialist Provision, and the additional costs of the ACB and Medical Needs additional supply to cover additional hours required by pupils. Ardley Hill will be funded as a specialist provision in 2017/2018. The budget set for 2017/2018 is as current contract values, and does not allow for any variation to contracts that might be required.

### **Hearing Impaired Service**

24. 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.
25. 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**

26. 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.

### **Medical Needs Service**

27. 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. There is potential for this to be explored through contract review meetings.
28. 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. In very recent months more supply has been claimed than usual at this stage in the year which should be reviewed as part of the contract review. £20k pressure has been added to the 17/18 template to reflect this.

## **Jigsaw Centre**

29. 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 may be subject to a variation in 2017/2018.

## **Early Years Children with Disability Service**

30. 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**

31. 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.
32. At the School Forum meeting in January 2017, ACB top up was reviewed to separate 2 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.
33. The Technical Sub Group in February 2017 agreed that the £120k split site should be reduced from the value of the top up in 2017/2018 in line with what is proposed for the other special schools with split sites.
34. The Executive Head of the ACB has initiated some work to review the funding for group 2 places by modelling a contribution to these places from all schools with secondary aged pupils based on numbers on roll, rather than schools buying back places up front. This will need to be considered by the Technical Sub Group alongside other proposals. This is priority work as this might require consideration of different staffing models for September 2017. The value of this contract in 2016/2017 was £726,000. Some additional payments were required in 2016/2017 to support the admission of additional pupils.
35. As the ACB operates as an Academy, it is suggested that the top up element for ACB places is held in a separate cost centre rather than in the Commissioning cost centre. This would require the £1,080,000 as modelled in the January 2017 Schools Forum Paper (£1,200,000 minus £120 lump sum). If additional places were required to be spot purchased for Day 6 provision there would be additional pressures. 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.

## **Special Schools**

36. At the meeting of the High Needs Block Technical Sub Group on 23 February 2017, it was agreed that the split site element should be removed from special schools and ACB, and the top ups recalculated accordingly. As reported at previous Schools Forum meetings it was recognised that this had contributed to the schools' ability to fund significant required capital development for pupil growth, and that in future capital expenditure for growth would be considered through the SEND accommodation strand of the SEND Vision and Strategy.

37. The reduction of £120k has been calculated using the current number of places at Chiltern and Ivel Valley. The banding values have been adjusted to reflect this reduction at £632 per place at Chiltern and £779 per place at Ivel Valley. 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
<b>Chiltern</b>	0	2,451	8,619	12,786	
<b>Ivel Valley</b>	0	1,618	7,879	12,110	
<b>Weatherfield</b>	0	1,671	7,838	No Band 4	
<b>Oak Bank (SEMH)</b>	0	No Band 2	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.

38. 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	3,733,524
Ivel Valley	2,726,348
Weatherfield	208,081
Oak Bank	1,229,952
<b>Total</b>	<b>7,897,905</b>

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 £422,607. This increase relates to the growth in numbers.

39. It was agreed that the top up funding for empty places would be held in a central cost centre, and that the schools would receive the funding for pupils as they came on roll. The SEND Team will be required to do a monthly return to the finance team in the same way as they do for EHC Plans. The anticipated top up element for empty places has been calculated as expected to be distributed against forecast pupils across the bands (School organisation Plan) and equates to £452,678.

#### **Initial maintained schools EHC Plans/statements**

40. The amount distributed to maintained schools for EHC plans and statements is £2,635,813

**Proposed centrally retained High Needs Block in 2017/2018.** The figures relating to supporting individual pupils are based on estimated spend following review of data on actual pupils held by SEND team and historical spend.



41.

	<b>Current Initial 17/18</b>	<b>Forecast budget needed (if no further action taken)</b>
EY Advisory teachers	200,000	200,000
Early Years SEN Funding	250,000	300,000
Therapies	40,000	40,000
Statements/EHC Plans	500,000	580,000
Academy Statements/EHC Plans	2,334,145	2,334,145
Outreach and High Cost Pupils	580,000	580,000
Out of County Placements (Pre-16)	900,000	1,038,442
SEN Additional Pupil Support	250,000	250,000
High Needs Post 16	1,969,600	2,328,118
Access and Inclusion	101,710	101,710
Virtual School	283,210	283,210
Other Authority Top Up Payment	913,880	913,880
DSG Contribution to Central overheads	719,280	719,280
	1,839,345	1,839,345 plus additional supply medical needs £20k
Commissioning		
ACB Top up	713,399	1,080,000
Proposed centrally retained top up for special schools' empty places	452,678	452,678
<b>Total</b>	<b>12,047,247</b>	<b>13,060,808</b>

***Elements supporting Early Years functions which could be considered for funding from Early Years Block pending recommendation to complete a joint piece of work looking at both blocks in 2017/2017 and future years. There would not be sufficient budget in Early Years Block to cover all of this, but it is recommended that all elements are considered when reviewed***

42.

	<b>Initial 17/18</b>
Early Years Advisory Teachers	200,000
Early Years SEN Funding	250,000
Early Years CWD contract	270,548
Early Years support for HI and VI babies and toddlers	tbc
<b>Total</b>	<b>730,000</b>

43. 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.

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

## Summary

44.	<b>High Needs Block allocation</b>	<b>27,415,427</b>
	Centrally retained forecast costs	13,060,808
	Top slice for special academy places	4,400,000
	Maintained schools EHC Plan allocation	2,635,813
	CBC allocation special schools	7,897,905
	<b>Total</b>	<b>27,994,526</b>
	Difference	Shortfall 579,099

45. The final figure for top slice for special academy places for Academy places will be issued in March 2017. High Needs Academy places increase by 59 places in September 2017. 26 places at Oak Bank and 33 at Weatherfield (to correct the error in 2016/2017). This will increase the pressure further.

## 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.
- Review funding model for 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.
- Reviewing contracts.