

**11 February 2015**

**AGENDA ITEM**

**4**

**HIGH NEEDS UPDATE**

*Report of the Director of Children's Services*

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**1. Purpose**

- 1.1 To update the Forum on the key issues discussed at the recent meeting of the high needs sub group.

**2. Summary**

- 2.1 The paper covers the following issues:

- Special school place numbers for the 2015/16 academic year;
- The process for setting special school top ups for the 2015-16 financial year;
- The DfE call for evidence in respect of high needs funding issues.

**3. Recommendations**

- 3.1 The Forum is asked:

- To note and comment on the issues in respect of special school place numbers for the 2015/16 academic year and, in particular, Forum is asked to support the general principle that schools with surplus capacity should have their places reduced over time and schools where there is increased demand should have their places increased;
- To support the process for setting special school top ups for the 2015-16 financial year;
- To note the new arrangements for funding residential provision in special schools;
- To note and comment on the issues raised by the DfE call for evidence.

#### **4. Background**

Two urgent issues were discussed at the high needs sub group, special school funding and a DfE call for evidence about future high needs funding arrangements.

#### **5. Special Schools**

There are two key issues in determining special school funding for 2015-16.

##### **5.1 Funded Places**

- 5.1.1 The current approach to determining funded place numbers for the next year has been developed by the special heads task group and used for the last 5-6 years. It picks up increases and reductions in demand at individual schools by looking at the last 3 summer term rolling average figure (when special schools are at the most full) or current number on roll towards the end of the autumn term, whichever is the higher.
- 5.1.2 These annual adjustments have meant that the total number of funded places (2,162) remained the same from year to year. This approach had the support of special schools, because it could reflect both recent increases in demand and give schools sufficient notice to make staffing and other budgetary changes where demand for places was reducing.
- 5.1.3 New DfE/EFA rules for 2015-16 assume that funded place numbers for each special school will be the same next academic year as this. (High needs places are now determined on an academic rather than financial year basis.) The DfE carried out an exercise in autumn 2014 where larger changes in place numbers (above 10% in a larger school and more than 5 places in a smaller school) could be agreed between the Local Authority and school and presented to the EFA for approval. Smaller increases/decreases could be made subsequently through local agreement.
- 5.1.4 The Local Authority made a submission to the EFA to increase the number of special school places by 10 in one SLD school. The EFA agreed to an increase of 2 places. This would give a total of 2,164 places in 2015/16 academic year.
- 5.1.5 DfE rule changes for 2015/16 academic year place numbers have made it impossible to apply the approach developed and agreed with all special schools over the last few years. While the Local Authority can impose reductions and increases at maintained schools, it can only do so at academies with the agreement of the school. Of the four Hertfordshire special schools which are now or about to become academies:
  - two have confirmed that they would not agree to a reduction in places (a total of 19 places);

- one has confirmed that it would agree to a reduction (4 places)
- one has not responded (1 place)

If the current approach were applied for 2015/16 place numbers then we would be short of 20 places (assuming that the academy special school which has not yet responded would not agree to the reduction) and there would be inequality in treatment of maintained schools and academies.

- 5.1.6 The changes in demand at individual schools seem to be greater this year than in previous years. A number of individual maintained schools have expressed concerns about the proposed reduction in their place numbers and the impact on their budgets, based on the agreed approach to adjusting numbers within the 2,162 total places. In terms of sectors, the biggest changes in demand are a reduction in LD secondary (34 places) and an increase in SLD schools (26 places).
- 5.1.7 In addition, the total number on roll in Hertfordshire special schools in January 2015 is significantly higher than in January 2014 (approximately 50), and it is looking likely that the summer 2015 number on roll will be correspondingly higher than the last three years. Some of this pressure is the result of placements by other authorities.

## 5.2 Way forward on funded places

It is proposed to adopt the following approach:

- Keep place numbers the same in 2015/16 as in 2014/15 except adjusting for the increase of two places at Breakspeare agreed by the DfE. This ensures that place numbers will match DfE records and is in line with the national expectation of no change. Also it avoids the potential unfairness between maintained schools and academies if one sector's places were amended and the others not. It also means that where a school goes over number as a result of a placement by another authority, then the other authority can be asked to provide the place funding;
- Continue the current arrangement where schools take Hertfordshire pupils up to 3% over number with no extra place funding;
- Pupil number increases of more than 3% over the funded place number would attract per place funding as well as top up funding as is the case currently.

Given the overall increase in numbers and the fact that no reductions would be made to schools / academies with empty places, there will be some additional place funding payable in 2015-16 under the approach, although this will be mitigated by the 3% rule and any contributions by other authorities. The extra cost resulting from the increase in place funding is estimated at approximately £200k in 2015-16. This would be met from within the high needs budget.

Annex A shows special schools funded place numbers.

The Authority has sought clarification from the DfE as to whether it can reduce places at special schools which are converting to academy status imminently but are not yet academies. A response has not yet been received.

Were the DfE to agree that place numbers could be reduced in this circumstance, then the Authority would consider making some limited place number changes, only affecting the schools with the largest pressures on numbers or spare capacity.

### **5.3 Top ups**

It is intended to introduce a new system for calculating special school top ups in order to simplify the arrangements, make it easier to compare funding levels between schools and break the historical link to the 2012-13 budget shares, which is currently used in the calculation. Annex B gives details of the new system.

### **5.4 Residential Funding**

It was announced last summer that new arrangements would be introduced in 2015-16 for funding residential provision in special schools. To complete the picture on special school funding, details of these arrangements are included in Annex C.

## **6. SEND funding: Longer term changes – DfE call for evidence**

The DfE is undertaking an exercise to establish a formula for the distribution of the High Needs Block of Dedicated Schools Grant (DSG) between local authorities. Currently high needs DSG allocations are based on historic levels of spend by each authority. The partial formularisation of the Schools Block of DSG in 2015-16, through the introduction of minimum funding levels, has increased pressure on the DfE to formularise the distribution of the remaining elements of DSG, the high needs and early years blocks. The call for evidence is one strand of the work being undertaken by the DfE on developing a formula for the high needs block. The DfE has also appointed consultants who are undertaking in depth fieldwork with 13 authorities and analysing the available data.

In addition to asking for information to inform its work on the high needs DSG, the DfE is taking the opportunity of the call for evidence to request feedback on the methods of allocating special educational needs (SEN) funding to schools and on the provision of capital funding for high needs.

The Authority's draft response to the call for evidence is attached at Annex D and the DfE's call for evidence document at Annex E. The DfE has indicated that there is flexibility in the format for responses and therefore the Authority has taken the opportunity to outline its preferred approach in respect of high needs funding, as well as responding to the specific questions.

It is expected that there will be a further consultation in due course on the proposed formula for allocating high needs DSG to local authorities. It is unclear what impact a new formula would have on Hertfordshire's high needs DSG allocation.

The deadline for responding to the call for evidence is 27 February and there may be changes to this draft response before submission following further discussions, for example with other authorities.

## **7. Conclusion**

The Forum is asked to support the recommendations in Section 3.