

**11 November 2015**

**HIGH NEEDS BUDGET 2016-17**

*Report of the Director of Children's Services*

Author: Debbie Orton  
Tel: 01992 588556

**1. Purpose**

- 1.1 To update the Forum on the conclusions of the meeting of the High Needs Sub Group regarding the budget.
- 1.2 To consult the Forum on the work being undertaken to set High Needs place numbers for 2016-17.

**2. Summary**

- 2.1 This report sets out broad proposals for the High Needs Budget for 2016-17.

**3. Recommendations**

- 3.1 Forum is recommended:
  - (a) To endorse the proposals within this report as the basis on which the Council should draw up the High Level Needs budget for 2016-17, as summarised in table 3 paragraph 10.
  - (b) To support the proposal for a net increase of 52 special school places and to support the proposed place changes at Academies set out in this paper
  - (c) To support the proposal to hold an uncommitted budget of £1m to support initiatives arising from the current development of the SEND strategy.
  - (d) To support the proposed closure of the two secondary SPLD bases.

- (e) To support the proposal that only half of the cost pressures experienced by providers should be funded.
- (f) To support the Minimum Funding Guarantee (MFG) exceptions as detailed in paragraphs 8.2 and 9.

## 4. Background

- 4.1 The last meeting of Forum agreed as a planning assumption for next year that we should seek to match planned expenditure on High Level Needs to incoming HLN DSG. This is currently estimated at £96.1m.

On 16 October, officers met with the High Level Needs funding group set up under the auspices of Schools Forum to consider financial issues. It also included the Chair of HASSH as a substitute member in place of the secondary-sector Forum nominee who was unable to attend. A brief note of the meeting is attached as Appendix A. The proposals set out in this report reflect the discussions and expressed opinion of the group.

## 5. Budget Changes Proposed

- 5.1 Budget Pressures and additional responsibilities.

The budget pressures so far identified are shown in the table below, with explanations of each item.

<b>Table 1</b>	<b>£m</b>	<b>Paragraph</b>
Inflation on pay and prices	0.515	5.2
National Living Wage	0.027	5.2
Teachers' Pension Scheme (full year effect)	0.173	5.2
National Insurance – ending of contracted out rebate	0.608	5.2
Rates	0.002	5.3
Special Schools - Place Funding	0.520	5.4
Special Schools - Top Up Funding	0.500	5.4
Special Schools – mitigating the impact of place changes	0.400	5.4
Exceptional Needs	0.300	5.5
<b>Sub Total</b>	<b>3.045</b>	
Additional Responsibilities:		
AP Free Schools	0.050	5.6
Post 16 high needs places commissioned by other local authorities	0.130	5.7
<b>Total</b>	<b>3.225</b>	

- 5.2 Inflation, National Living wage, Teachers Pension & National Insurance

The High Needs sub group concluded that half of these cost pressures identified should be funded and this is the amount shown.

### 5.3 Rates

Inflation on rates in Education Support Centres

### 5.4 Special School Places

The estimated cost of increasing the number of places by the proposed 52 and provision for the associated increase in top ups, plus mitigation of the impact of place number changes, is £1.42m in 2016-17.

Further details about special school place number changes are included in section 10 of this report.

### 5.5 Exceptional Needs

The 2016-17 budget proposals include £200k for the predicted increase in multiple cases budget and £100k for a 2% increase in demography. A review of the Exceptional Needs Funding arrangements is being carried out this term as part of the new SEND strategy.

### 5.6 AP Free Schools

The Authority is now required to pay the DfE for any places in AP Free Schools outside Hertfordshire, which are occupied by Hertfordshire pupils.

### 5.7 Post 16 high needs places commissioned by other authorities

A technical change by the DfE means that authorities have to fund post 16 high needs places and all places in non-maintained special schools according to the location of the school, rather than according to the home area of the pupil occupying the place. This results in a net extra cost which is funded by an equivalent increase in high needs DSG.

## 6. **Savings**

6.1 The savings, which have been identified, are outlined below:

<b>Table 2</b>	<b>£000</b>	<b>Paragraph</b>
Independent Placements	(2.000)	6.2
Secondary SpLD places	(0.280)	6.3
Reduction in Special Base/ Unit places	(0.117)	6.4
Keeping Children in Local Provision	(0.203)	6.5
SpLD Training and Advice	(0.126)	6.3
Contingencies	(0.434)	6.6
Nurture Funding	(0.350)	6.7
<b>Total</b>	<b>(3.510)</b>	

### 6.2 Independent and Non-Maintained Placements

It is proposed to remove £2m from the independent and non-maintained (out county) placements budget to reflect historic underspending.

#### 6.3 Secondary SpLD

As a part of consideration of the developing SEND strategy, a proposal was agreed at officer level and by the SEND DSPL Executive in September to close the two existing secondary SPLD bases. This would save £372k in a full year. Statutory consultation on these proposals will be required.

It is also proposed to reduce the budget for SpLD Training and Advice from by £126k to £60K. The reduced budget will support any ongoing accredited training requirements or commitments.

#### 6.4 Special Unit Places

It is proposed to remove some of the spare capacity at a number of the other special units and bases. This amounts to 16 places and a budgetary saving of £117k in 2016-17. One of these schools, Longdean, is an Academy and any changes in number will need to be reported to the DfE by 16<sup>th</sup> November. It is proposed to reduce the number of places by 10 to 18 from September 2016 and discussions are underway to seek agreement with the Academy on this reduction.

#### 6.5 Keeping Children in Local Provision (KCLP)

The KCLP initiative has provided support to maintain local placements for pupils with complex needs at risk of being placed out of county. This approach is now established and it proposed that the budget is reduced from £253k to £50k. This residual budget will continue to support some ongoing interventions and support arrangements.

#### 6.7 Contingencies

It is proposed to take these budgets as a saving.

#### 6.8 DSPL and Nurture Groups

It is proposed that the DSPL Area Groups and nurture budgets are merged and a proposed reduction of 50% of the value of nurture group budget applied (£350k). It is therefore proposed that the merged budget for 2016-17 will be £1.383m.

### **7. SEND Strategy Development Budget**

#### 7.1 A summary of the key themes and priority workstreams in the new strategy was reported to the June Forum and the final strategy was published in September.

The High needs sub group wished to see £1m held back to create a budget to support the implementation of new initiatives identified through the SEND strategy in the coming year.

## 8. Impact of Place changes in Special Schools Top Ups

### 8.1 Top Ups

Special School top ups include an element which delivers a lump sum to each school. This element of the top up varies between schools depending on the size of the school. The lump sum is intended to cover fixed costs and protect small schools. Where there is a change in funded places the lump sum element will be recalculated so that the same lump sum is delivered to the school. Where the size of the school increases the lump sum element of the top up reduces because it is a per pupil allocation. The opposite will apply if places numbers decrease. See illustration below of two schools of the same type but different size.

Illustration of changes in places on Lump Sum Top up			
	Funded Places	Lump Sum Top Up/Place	Total Lump Sum
<b>School A</b>	115	£2,301	£264,645
<b>School B</b>	64	£4,135	£264,645
If increase School B to the size of school A			
<b>School B</b>	115	£2,301	£264,645

### 8.2 Minimum Funding Guarantee

Under the national special school funding arrangements the MFG prevents is a reduction in the total funding per place (including the top up) of more than 1.5%. Depending on the actual place changes which are determined it is possible that some special schools total funding per place will reduce by more than 1.5% as a result of the change in the lump sum element of the funding. The Forum is asked to support an application for an MFG exception for any schools where the operation of the funding formula reduces their total funding per place by more than 1.5%.as a consequence of increases in place numbers. This will ensure that schools of the same size continue to receive the same amount of funding. Otherwise a school which expanded might be funded at a higher rate than a school of the same size and type which had continued at the same size.

## 9. Vacancy Uplift

The special school top ups include a vacancy uplift to reflect the fact that occupancy levels will not always be 100%. As many schools now have a higher occupancy than was the case when the vacancy uplift was devised it is suggested that the vacancy uplift percentages should now be reviewed. This will be done in consultation with the Special Schools and Funding Task Group at their next meeting in early December.

If a reduction in the vacancy uplift results in the total funding per place reducing by more than 1.5%, the Forum is asked to support an application for

an MFG exception. Otherwise it might not be possible to make appropriate changes in the vacancy uplift which have been identified.

## 10. Summary

The table 3 below sets out the overall High Needs budget position.

<b>Table 3</b>	<b>£m</b>
<b>High Needs Budget 2015-16</b>	<b>95.392</b>
Pressures & Additional responsibilities (section 5)	3.225
Savings (Section 6)	(3.510)
SEND Development Fund (section 7)	1.000
<b>Projected High Needs Budget 2016-17</b>	<b>96.107</b>
<b>Estimated High Needs Block 2016-17</b>	<b>96.107</b>

## 11. Other Areas for Future Consideration

The High Needs sub group also proposed other areas in the HLN budget for review and consideration:

- 11.1 PNI designated schools. A small number of secondary schools receive funding as designated schools for physical and neurological impairment. These schools receive a lump sum and funding per identified pupil. However many schools who are not designated cater for pupils with PNI. It is proposed that this provision is reviewed by February to see if it needs to be maintained.
- 11.2 Bushey Meads - PNI Unit. The unit provides for a small number of pupils with PNI. It was established on a different basis to the designated PNI secondary schools. Its original purpose was to provide for pupils with similar levels of need to those who might attend a special school for PNI. It is proposed that this provision is reviewed in the year ahead.
- 11.3 Ludwick Enrichment Group. This group is based at Ludwick nursery school provides for children with speech and language difficulties. It is a unique provision specific to one part of the County. It is proposed to review this provision by February.
- 11.4 ESCs/Alternative Provision. It is proposed to review the distribution of the funding for this provision across the County.

## 12. Special school funded place numbers in 2016-17

### 12.1 Background

- 12.1.1 Schools Forum agreed in February 2015 to keep special school place numbers in 2015-16 the same as in 2014-15. This was because the DfE's expectation was that there would be no change necessary from one year to

the next and because any reductions required at academies had to be agreed by the individual Academy. An exception to this was the increase of 2 places at Breakespear agreed by the DfE.

12.1.2 At the same Schools Forum meeting, it was also noted that there was an increase in the total number of special school places required in Hertfordshire special schools during 2014-15. The increase of approximately 50 places between January 2014 and January 2015 numbers on roll came from greater demographic demand within Hertfordshire and from more placements in Hertfordshire special schools by neighbouring local authorities.

## 12.2 Summary of process to date

12.2.1 Schools Forum also reiterated in February 2015 the principal and importance of recycling unused places. Local authority officers have been working with special school headteachers, through the special school places and funding task group and other meetings, to do so for 2016-17.

12.2.2 The basis for those discussions was the normal formula for determining funded place numbers for the next year, which had been developed by the task group and used for the last 6-7 years. This approach had the support of all special schools, because it could reflect both recent increases in demand and give schools sufficient notice to make staffing and other budgetary changes where the number of places needed to be reduced.

12.2.3 The funded places formula suggests that a further 52 places will be required overall in 2016-17, which is in line with the overall increase identified in February 2015. The total number of pupils in Hertfordshire special schools includes 150 pupils from other local authorities, although about half of those are placed at the two HI schools which were established and operate as a regional resource. There is a deficit of places in each sector, with the exception of the secondary LD sector where there is a surplus.

12.2.4 Local authority officers have looked at the 2016-17 place number generated for each school in light of known demand in the system and analysis of final year leavers in July 2016 against known new starters from phase transfer in September 2016. Proposals for individual schools and for each type of special school sector as a whole have been discussed with sector representatives and individual schools. Most figures are now finalised while discussions are continuing with some schools and sectors.

12.2.5 A key issue to resolve with some schools and sectors, particularly in the primary learning difficulties and social, emotional and mental health school sectors, is the physical capacity of schools. This involves balancing professional judgements about what number a school can adequately and reasonably provide for against the number of pupils which Hertfordshire and neighbouring authorities are looking to place.

12.2.6 These physical capacity discussions will continue and be completed during November in terms of place numbers for 2016-17. It is envisaged that a further piece of joint work between special schools and the local authority is required to determine a capacity figure for ongoing future reference, given the

differences in the type and complexity of needs of pupils being referred for a place.

### 12.3 Proposed place numbers

Planning and discussion with special school headteachers has assumed a total number of 2,216 places being available. This represents the current year's total of 2,164 plus the 52 further places identified by the places formula in September 2015. The current provisional total number of places for each sector is shown in the table below:

Type/ sector	Funded places 2015-16	Placements and current referrals as at 27/10/15	Deficit / surplus on current funded number	Suggested by formula in September 2015	Proposed 2016-17 funded places
<b>SLD</b>	519	568	-49	568	576
<b>Primary LD</b>	400	456	-56	429	448
<b>Secondary LD</b>	635	522	113	556	558
<b>Primary SEMH</b>	97	107	-10	119	110
<b>Secondary SEMH</b>	252	265	-13	268	263
<b>HI</b>	144	146.5	-2.5	157	144
<b>PNI</b>	117	119	-2	119	117
<b>Totals</b>	<b>2,164</b>	<b>2,184</b>	<b>-20</b>	<b>2,216</b>	<b>2,216</b>

The final place numbers for individual schools and sectors, within the overall total of 2,216, will be reported to Schools Forum at the January 2016 meeting.

### 12.4 Transition arrangements

The reduction in places in the secondary LD sector is principally at two schools, The Valley and St Luke's (33 and 38 places respectively, at £10k per place). The high needs subgroup has proposed setting aside £400k, up to £200k for each school, to mitigate the impact of the changes during 2016-17. Such a substantial reduction in funding at each school in one year would mean the school was not financially viable without transitional support.

### 12.5 Academies

12.5.1 Any changes in place numbers at Academy special schools should be agreed with the school and reported to the EFA by 16 November 2015. If agreement cannot be reached between the LA and school, then the LA can apply for the place number change and the EFA will rule on the matter, confirming the outcome of the place change request in January 2016.

12.5.2 There are four Academy special schools in Hertfordshire. At three of those schools (Hailey Hall, Knightsfield and Woolgrove), no change in place number is proposed. A reduction is proposed at Pinewood, a secondary LD school, and discussions are underway with the school to seek



to reach agreement on that place number reduction. The LA has requested that there will be a reduction of 4 places which the school are currently considering.

### **13. Risks and uncertainties**

#### **13.1 MFG**

It has been assumed in calculating the cost of the increase in special school pupil numbers that the MFG exception described above will be obtained. If it is not then it is estimated that there will be an additional cost of approximately £0.2m and will have to be met from the resource set aside for the SEND development.

#### **13.2 Place Numbers**

The final budget for the special schools will depend on the final distribution of place numbers. If these results in additional costs it will be met from the resource set aside for the SEND development. In the event of additional resources being available it will be added to the SEND development budget. The EFA need to agree reductions in Academy numbers.

### **14. Conclusion**

#### **14.1 Forum is asked to agree the recommendations in section 3 of this paper.**