

Southend-on-Sea Borough Council

Report of Deputy Chief Executive - People
and Director of Finance and Resources

To
Education Board
On
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Agenda
Item No.

7

Report prepared by:

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High Needs Budget 2017/18

1 Purpose of Report

To present the High Needs budget allocations for 2017/18.

2 Recommendations

- 2.1 That the 2017/18 High Needs budget is agreed and adopted as presented, including the revised funding allocations in relation to mainstream and special school top ups as referenced in this report to achieve savings required between current spend and budget available.

3 Background

- 3.1 This report sets out the proposed High Needs budget for 2017/18, following DSG funding block announcements made on 20 December 2016.
- 3.2 For 2017/18 the High Needs block funding announced through DSG is £17.784 million. Of this £3.994 million is recouped to fund high needs places funded directly by the EFA, leaving the locally available sum at £13.790 million.
- 3.3 The high needs block for 2017/18 is an increase of £1,023,212 from 2016/17. Of this increase £564,000 funds the 94 post-16 further education places Southend commissions at £6,000 per place. This was previously not included in the high needs block, but has been added and recouped in preparation for the high needs funding reform. This leaves a net increase of £459,212 due to increased pupil numbers in Southend.
- 3.4 Recognising the 2016/17 high need funding pressures previously reported at Education Board in December 2016, the proposed budget allocates the

additional £459,212 funding for 2017/18, whilst additionally adopting revised funding allocations to special schools and mainstream schools in order to ensure funding is sustainable for 2017/18.

- 3.5 The Council is commissioning a wide ranging review of SEN provision across the borough in preparation for the impact of the high needs funding reform. While this indicates there is likely to be an uplift for Southend in both 2018/19 and 2019/20, there is unlikely to be future scope to realign funding should there be a predicted overspend in future. Therefore we need to prepare for this and devise a sustainable system that will also enable the needs of more children and young people with special education needs to be supported via the high needs block than are currently.

4 Funding allocations for 2017/18

- 4.1 The complete high needs budget for 2017/18 and budgeted movement from 2016/17 is illustrated in "Appendix 1 – High Needs block 2017/18".

5 Place Funding

- 5.1 The only movement in place numbers from 2016-17 is the introduction of commercial and charitable providers (CCP) and FE place funding which is recouped from the High Needs budget by the EFA at £564,000 for 94 places at £6000 per place.
- 5.2 Lancaster special school (post 16 £210k funding error). This error is due to Lancaster having 21 post-16 young people from Essex. When the EFA switched funding from a 'location basis' to an 'institution basis' in 2014, Essex pupils were added to the total number of places rather than being taken as part of it. As Lancaster is a maintained school the EFA advised us to transfer this funding through our high need block. Please note this has no current impact on the high needs block or Lancaster School's funding, however the Council are continuing to work with the EFA to ensure this is corrected so the high needs block suffers no funding impact when Lancaster school becomes an academy.

6 Top up funding for Special Provisions

- 6.1 The latest 2016/17 total in year financial pressure is £192,026 across this budget area. As reported at the Educational Board, this is mainly due to increased occupancy numbers in The St Christopher School and Kingsdown School, as well as top-up amounts across the special schools increasing due higher a proportion of pupils being allocated into the higher cost funding bands that budgeted for. Historically there have never been criteria attached to the bands for special schools making transparency in allocating bands impossible.
- 6.2 While there is additional funding to allocate, if the proportion of pupils continues to increase in the higher cost top up bands this would lead to an added funding pressure against any increase. Therefore as an interim measure to mitigate against further financial risk prior to the full review of SEN provision we propose the current separate top-up banded amounts are re-calculated to a one weighted average banded amount determined for each individual school from September 2017. Therefore regardless of whether the pupil is currently banded

in band 1, 2 or 3 the same amount of top up funding will be awarded. Appendix 3 illustrates the revised banded top up amount for each school. These have been calculated on 2016/17 original budgeted top up amounts and top up place numbers.

- 6.3 Historically the budget reflected an assumed 85% of places would be occupied by Southend pupils. Budgeted top up funding for individual schools has been amended to re-base to current occupancy levels. This change therefore ensures the individual top up budgets are more reflective of the expected funding allocations to be awarded in 2017/18 for individual schools. Appendix 2 illustrates the current southend pupil occupancy % of place funded numbers.
- 6.4 To support funding requirements for special schools in this academic year, existing top up banded amounts will continue until September 2017. With the introduction of average banding top up amount's from September 2017, along with the revised occupancy levels for Southend pupils this allocates an additional £289,140 of the £459,212 available to the budget for Top up Funding on Special Provisions.
- 6.5 While this increases the budget amount for 3 of the special schools, we recognise that for some special schools this will represent a decrease compared to actual funding they would have received had the existing banded top up amounts continued. Appendix 4 illustrates the difference between the funding the special schools would have received based on existing banded amounts and occupancy levels continuing, compared to the 2017/18 budgeted funding the special schools will now receive if current occupancy levels are maintained.
- 6.6 Budgeted flexible top up funding has increased by £60,000 to reflect the additional place funding allocated to special schools that go significantly over number, as previously agreed at schools forum for 16/17 financial year.
- 6.7 The review of SEN provision is initially looking at special school banding, followed by units and mainstream schools, in order to produce a transparent, needs based funding model that is fair, sustainable and equitable across the schools.

7 Top up funding for other provisions

- 7.1 As reported at the Educational Board in December this area is now overspending. A total in year financial pressure across this budget area of £466,604 is forecast for 2016/17. This is due primarily to increased EHCP top ups provided to primary schools, as well as out of borough school and Post-16 top ups.
- 7.2 There is insufficient increased funding available from the £459,212 to fully cover the predicted pressure for 2017/18. A net total budget increase of £202,073 has been allocated to this budget area to allow funding to temporarily continue at the current rate until September 2017 but this therefore will clearly require a saving based on current spend to be addressed in the change to banded rates for EHCP top-ups to be implemented from September 2017.

8 Other High Needs Budgets

- 8.1 A net total decrease in budgeted funding reduction of £32,000 is allocated to this budget area.
- 8.2 The funding to independent providers has been set at the same level as 2016/17, recognising costs have been maintained within £1,200,000
- 8.3 The Low Cost High Incidence (LCHI) funding for primary and secondary has been reduced by £50,000. This is in line with the level of payments made against this budget line in previous years.
- 8.4 The overspend on Hospital Education provision is the cost of educating Southend pupils placed by health in Tier 4 beds in independent institutions with private education providers on site. It is a DfE requirement this is funded from the High Needs Block, but we are reviewing this to see if the costs can be moderated.
- 8.5 The 2017/18 budget for the Outreach Services supplied by The St Christopher School, Kingsdown and Fairways Special Base has been amended to reflect the current level of these agreements.

9 Conclusion

- 9.1 The change to average banding for special schools and the introduction of banding for EHCP top-ups for mainstream schools are measures that are required to bring the budget in line for 2017/18, and to mitigate as much as possible against in year overspend.
- 9.2 Whilst recognising this budget is seeking to control existing expenditure, it allocates all of the high needs block income for 2017/18 in totality. Therefore any degree of expenditure increases above the 2017/18 budget allocated will place immediate serious financial strain on the high needs block and further financial measures will need to be recommended to the Educational Board to bring expenditure back in line with the available resources.
- 9.3 This budget effectively proposes immediate measures to address the existing financial pressure, work will be continuing to ensure a longer term sustainable funding system is devised to ensure that the available funding can be fairly distributed while remaining within budget constraint, whilst also recognising the limitations of the high needs funding reforms.

10 Appendices

Appendix 1 – High Needs Budget 2017/18

Appendix 2 – Special School and base – Southend pupil occupancy %'s

Appendix 3 – Special School top up funding – average. bands from September 2017

Appendix 4 – Special School Budget 2017/18 compared to current full year cost continuing