

# Southend-on-Sea Borough Council

Agenda  
Item No.

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

To  
**Education Board**

On  
**4<sup>th</sup> June 2019**

Report prepared by:

Paul Grout, Senior Finance Business Partner – Financial Management  
and  
Gary Bloom, Head of Special Educational Needs (SEND)

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## High Needs Block detailed budget allocation 2019/20

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### **1 Purpose of Report**

To present the High Need's Block detailed budget allocations for 2019/20.

### **2 Recommendations**

Education board are asked to agree:

- 2.1 To both reverse the required funding cuts imposed in 2017/18 and recognise inflationary funding pressures within mainstream schools, that the EHCP hourly top up funding rate passed over to support pupils within in borough mainstream schools is returned to the 2017/18 funded level from Sept 2019 (circa. 4% increase). (As referenced in section 8.2)
- 2.2 To assist with the safeguarding of enhanced provisions within mainstream schools, to award compensation funding from the 1<sup>st</sup> April 2019 of £4,000 per annum per pupil place to cover the equivalent funding loss a school would incur due to the changes administered under the National Funding Formulae. (As referenced in section 6.3)
- 2.3 To both further assist with the safeguarding of enhanced provisions and recognise inflationary funding pressures within mainstream schools, that the high needs top funding rates awarded to enhanced provisions are uplifted by 4% from Sept 2019. (As referenced in section 7.4)
- 2.4 Although the number of commissioned places in Special School have now been updated from September 2019, that the historic flexible place top up funding allocation will continue to exist to further aid funding pressures above place number allocation (As referenced in section 7.1)

- 2.5 That the 2018/19 high needs top up funding rates passed over to Special schools and the Alternative Provision / Pupil Referral Unit from September 2019 are held to their same respective banded rates as the 2018/19 academic year, which is also based on consideration with the additional place funding allocations the applicable special schools will now receive from September 2019 and affordability within the overall high needs block. (As referenced in section 7.3)
- 2.6 And in consideration of recommendations 2.1 to 2.5, agree and adopt the detailed High need budget allocations for 2019/20 as presented in this paper.

### **3 Background**

- 3.1 The Department for Education (DfE) announced the Dedicated Schools Grant (DSG) funding allocations for 2019/20 on the 17<sup>th</sup> December 2018. The “Dedicated Schools Grant 2019/20 budget paper” was presented to the Education Board on the 22<sup>nd</sup> January 2019, providing the totality of funding for each of the 2019/20 DSG funding blocks.
- 3.2 And, as consistently reported for the two financial years 2016/17 and 2017/18, the High Needs block had overspent considerably, with overspends in both years of £827,000 and £677,000 respectively. Those overspends therefore contributed to total depleted DSG reserves deficit bought forward at the start of 2018/19 financial year of (£65,000). And note, of which £502,000 had been put aside for Early Years provision from the 2017/18 Early Years underspend, and a net (£567,000) deficit attributable to High Needs DSG reserve balances.
- 3.3 These funding pressures are due to a combination of increased demand and therefore award of funding for Education Health and Care Plans (EHCP), as well as, complexity of cases requiring more places in special schools, higher levels of funding in mainstream schools and independent provider placements. This is also a picture that is being experienced in all other local authorities.
- 3.4 The latest 2018/19 high spend to budget position, as presented, in the “EB DSG Final Outturn 2018/19 EB” June 2019 closed with a welcome in year DSG underspend of (£219,000), and therefore reducing the attributable High Need DSG reserve position bought forward into 2019/20 to now (£348,000). A position, that was only made possible by both the receipt of the additional £410,000 high need 2018/19 DSG funding announced by the DfE on the 17<sup>th</sup> December 2018, as well as the efficiency savings the Education Board have previously agreed and adopted, driven by the significant work undertaken by the respective Local Authority Officers, High Need task and finish group members, and Resource Group members and applicable settings, all in order to seek to contain those funding pressures, which is as demonstrated in both the EB high need detailed budget allocation papers, setting both the “2018/19 High need budget allocations” and the “2017/18 High need budget allocations”, approved at the previous June 2018 and July 2017 EB boards, respectively.

- 3.5 It must also remain minded Southend's high need DfE DSG funding allocation has also remained considerably under an uncapped National Funding Formulae since its introduction from 2018/19, including the current 2019/20's funding allocation. Which therefore further strongly demonstrates why Southend has been struggling to contain high need funding pressures within its allocation.
- 3.6 And note - It is still a requirement that a longer term revised funding model is developed to ensure a consistent and balanced distribution of local high needs top up funds, using both defined and formulated top up banding descriptors with attached funded levels. This work will also include a full review of any current gaps in High Need provision, as well, as any inefficiency in current provision. The results of those reviews will be expected to ensure High Needs funding is targeted to ensure the best use of the funds, whilst also achieving sustainability of provision within funding allocations moving forward.
- 3.7 This work is progressing under the local authority Head of SEND with the aim of completion and implementation at the start of 2020/21 academic year, it is therefore also key that full funding balance is returned by the end of 2019/20 to allow some head room moving forward within allocation to re-distribute and allow growth for high need targeted funding as required.

#### **4 2019/20 High Needs DfE funding allocation**

- 4.1 The detailed and proposed high needs budget allocation for 2019/20 is presented in Appendix 1.
- 4.2 As presented at the January 2019 Education Board in the "Dedicated Schools Grant budget 2019/20" paper, the total provisional DSG funding allocation for the 2019/20 High Need block is £19.416M, which is an increase of £782,000 from the final 2018/19 High Need block allocation of £18.634M (including the £410,000 additional DfE funding announcement in December 2018 for both years 2018/19 and 2019/20). The High Needs block is still provisional, as the DfE have yet to announce (due in July 2019) the final 2018/19 import and export adjustments relating to local authority home pupils placed in another local authority setting. However, this funding adjustment is not expected to cause any material difference to the current allocations and should therefore not hold up the required budget planning.
- 4.3 The 2019/20 awarded funding increase of £782,000 is as result of the DfE High Needs revised national funding formula implemented in 2018/19, where it is recognised within that the formula if there was no cap applied on funding gains Southend would actually be in receipt of £20.111M. The DfE funding formula is calculated according to statistical expected local demand and demographics as well as historic funded levels. However, given the DfE's national 3% cap on funding gains in any given year, the funding formula has capped the gain for Southend's meaning the 2019/20 funding allocation is £19.416M, which is still £695,000 below an uncapped funded amount.

- 4.4 The DfE have also made no current announcements about High Need funding allocations from 2020/21, and therefore it is impossible at this current time to assume Southend will receive from 2020/21 the full national funding formula suggested amount or further 3% increased capped amount. Therefore all current DSG budget planning can only be acted upon with a degree of certainty up until the end of 2019/20.

## 5 Summary table of proposed budget allocations between 2018/19 to 2019/20 as illustrated in Appendix 1

Summary Heading	2018/19 Final Budget (A)	2018/19 Final Spend	2019/20 Opening Budget (B)	Budget movement Increase / (decrease) (B – A)
Place funding free school only	£0.179m	£0.179m	-	(£0.179m)
Place funding (excl free school)	£6.992m	£6.992m	£7.281m	£0.290m
Special and PRU/AP top up funding	£5.077m	£5.225m	£5.380m	£0.303m
<b>Subtotal</b>	<b>£12.069m</b>	<b>£12.217m</b>	<b>£12.661m</b>	<b>+£0.593m</b>
Schools, early years, post-16 top up funding	£3.190m	£3.335m	£3.540m	£0.351m
Independent Providers	£1.314m	£1.375m	£1.506m	£0.193m
2018/19 SLA outstanding saving target	(£0.062m)	-	£0.000m	£0.062m
Other Provisions including SLA's	£1.334m	£1.308m	£1.360m	£0.026m
<b>Total services line total</b>	<b>£18.024m</b>	<b>£18.414m</b>	<b>£19.068m</b>	<b>+£1.044m</b>
Targeted payback to fully restore the high need DSG deficit reserve balance b'fwd to 19/20. (Funding not allocated to service lines – but only achieved if spend is contained with the service allocations above)	£0.610m	-	£0.348m	(£0.262m)
<b>Total</b>	<b>£18.634m</b>	<b>£18.414m</b>	<b>£19.416m</b>	<b>+£0.782m</b>

## 6 Place Funding

- 6.1 Appendix 2 – provides the place funding allocations and funded pupil numbers for each School from September 2019, including the commissioned place funded number movement from 2018/19.
- 6.2 As shared in previous EB DSG reports, the place funded numbers from September 2019 to August 2020 have been agreed and revised by the Head of SEND in accordance with the estimated and expected pupil numbers from the start of that academic year, and note this is required to be registered with the DfE in the November of the previous year for the revised commissioned pupil numbers.

- 6.3 With particular reference to the Enhanced Provisions, and changes imposed on the place funding allocations of those provisions as part of the National Funding Formulae in 2018/19 where by the first annual £4,000 place funded amount (of the total £10,000 place funded amount) was moved to be funded from the Schools Block as oppose the High Needs block, and therefore those applicable special base pupils registered as part of the numbers on roll at that school (as per the October school census). This paper, in order to assist with the safeguarding of this provision of high need service is requesting from the 1<sup>st</sup> April 2019 that any school whose number on roll within that enhanced provision are below the commissioned place numbers are awarded compensation funding of £4,000 per place per annum. An additional allowance of £20,000 has therefore been built into the 2019/20 place funded budget to administer this funding where expected and applicable.
- 6.4 As result of both the revised and increased place funded numbers as shown in Appendix 2 and requested further £20,000 provision (referenced in 6.3), this derives the additional 2019/20 place funding to be awarded of £290,000 compared to 2018/19. And note - the actual place funded amounts per pupil are defined by the DfE and set at £10,000 per annum per place for Southend's special schools, pupil referral unit and alternative provision free school. And Further Education post 16 providers are set at £6,000 per place per annum.
- 6.5 The final budget allocation awarded to place funding in 2018/19 is therefore £7.281M, which as stated is an increase of £290,000 across Special Schools / Pupil referral unit and Further Education providers from 2018/19, offset by a reduced (£179,000) place funded allocation for the Alternative provision free school (specifically referenced in Appendix 2).

## **7 Top up funding for Special Provisions**

- 7.1 Flexible place funding top up - A budgeted funding provision of £61,000 has been set aside which will continue to honour the annual and historic agreement of £20,000 for every 7 additional pupils above a special schools commissioned funded place number allocation, which of course will now cease where the applicable schools will be below the additional 7 from Sept-2019 due to the revised commissioned place funded allocation. However, in recognition that a school may still be required to go over the additional 7 place funded numbers, this paper is requesting to continue with this arrangement where required and applicable, and £20,000 (within the £61,000) provision has been accounted for to continue with this arrangement.
- 7.2 The current number of Southend pupils expected to attend a special school in 2019/20, and their associated top up banded amount has been formulated to calculate the overall annual expected amount for distribution. The workings of this calculation are shown in Appendix 3. These figures are of course a best estimate for the year as a School will be highly likely to admit additional pupils during the year. The final funding allocation for special school top ups has therefore been increased by a further £98,000 from Appendix 3 to account for the likely increase to current estimate pupil numbers.

- 7.3 After taking into account, that both place funding allocations have been updated from Sept 2019 awarding additional funding to those applicable and required schools, and that the expected top up banded funded amounts are not currently projecting a significant spend increase from 2018/19, it is proposed that all the current top up funded banded amounts for the Special Schools and the Alternative provision / Pupil Referral Unit are held to their current funded levels from September 2019. And please also note – the combined budgeted funding of the special schools and pupil referral unit account for 59% of the total available funding of the High Needs Block (53% special schools and 6% PRU). Therefore any further funded top up banded amount increase would have a higher impact on continuing to maintain the affordability within the High Needs block, so it is therefore a fortunate and welcome position that the top up funded amounts are able to remain at the same funded rates from Sept 2019 as at the current level.
- 7.4 Enhanced Provisions within Mainstream Schools account for 3% of the total available High Needs funding in 2019/20, they are therefore a small but very key part of the current provision available. Therefore, to further assist with the sustainability of that provision it is proposed that the top up funded amounts from September 2019 are increased by 4% as illustrated in Appendix 4, this will therefore contribute to inflationary pressures within the special base units, but at a relatively small cost to the total funding available within the high needs block of £4,000 circa in the 2019/20 financial year.
- 7.5 The final budget allocation awarded Special School / Enhanced Provision and PRU top up provision in 2019/20 is £5.380M, this is an increase of £300,000 from the 2018/19 allocation, the majority of which is the revised funded budget allocation for Special School top ups to meet the 2019/20 spend projection.

## **8 Top up funding for early years provider, mainstream schools and post 16 providers**

- 8.1 The budget allocation attached to Early Years ages 2 to 5 SEND top ups has been increased to £100,000. This therefore awards additional funding in 2019/20, to fund the over spend in both 2017/18 and 2018/19 and allow a further £10,000 provision for growth.
- 8.2 Due to the historic funding pressures on the high needs block, the EHCP hourly funded top up rate awarded to In-borough mainstream schools was reduced in 2017/18 to £11.39 per hour from £11.89 per hour, and continued to be held at £11.39 per hour in 2018/19, and therefore savings were delivered. To assist on the stability with this funded and key provision, but whilst also considering the balance of the affordability to High Needs funding and inflationary pressures within Schools, it is proposed that the EHCP top up hourly rate from Sept 2019 is returned to £11.89 per hour (circa 4% increase). High Need funding awarded to in borough mainstream schools (both primary and secondary) equates to 11% of the total high need funding available. The 2019/20 financial year cost of this price increase contained within the revised funding allocations is circa. £50,000. The remaining budget allocation has been increased to reflect the 2018/19 spend position moving forward, and allow some small head room for further growth which the SEND team will need to manage funding within.

- 8.3 Out of borough Mainstream or Special Schools. Where Southend children are placed in schools in another authority, guidance by the DfE expects the top up funding rate of that authority where the child is placed to be honoured. Therefore there is no control in terms of price's to be paid for that child where this occurs. The 2019/20 funding allocation has therefore been re-based to the match the 2018/19 spend position, which has increased the required budget provision by £24,500, but also allows a further small provision for expected growth.
- 8.4 The final budget allocation awarded to this top up funding provision in 2019/20 is £3.540mil, this is an increase of £350,000 from the 2018/19 budget allocation.

## **9 Independent providers**

- 9.1 School age children whose educational needs are unable to be met through a mainstream school, special school, PRU or the AP free school have to be met through the use of Independent providers. Although the independent provider allocation was overspent in 2018/19, it also needs to be noted that Southend has significantly fewer independent school placements than most local authorities.
- 9.2 Independent provider provision is only used where there is no viable alternative available within Southend or where directed by SEND Tribunal and therefore these costs are largely unavoidable. Southend has also been experiencing a rise in the required numbers of looked after children (which is also being experienced in other authorities nationally). The educational cost of independent provider placements tend are more expensive than children educated through either a mainstream or special school provision and particularly when they are required to be placed in a residential school. It is therefore a requirement that this funded allocation is increased to both fund the current levels of expenditure and allow some head room within the funding allocation for likely further growth.
- 9.3 The final budget allocation awarded to this funding provision in 2019/20 is £1.507M, this is an increase of £0.193M from the 2018/19 budget allocation.

## **10 Other funding provision including SLA's**

- 10.1 A small £10,000 budget to support low cost high incidence SEND placements within mainstream school will continue to be set, as well as now a £20,000 budget allocation to reflect that some pupils and their families/carers are choosing to receiving there high need funding allocation through a personal budget.
- 10.2 The budgeted allocation for education services provided to Southend children in hospitals has been increased to £100,000 from £70,000. Whilst in 2018/19 less was spent than the £100,000 in 2016/17 more was spent at £100,000. It is therefore prudent to ensure funding is adequately sufficient to meet this provision as the High need block is statutorily required to meet these costs.

- 10.3 The SEN team DSG allocation has been set to be maintained at £422,000. This is a historic contribution to the staffing costs of the SEND team.
- 10.4 All service level agreements including Individual tuition service's and outreach services have been set at the same funded levels for 2018/19 (including savings delivered) rolled into 2019/20, with the exception of a small £6,500 increase to fund an additional SENCO.
- 10.5 The final budget allocation awarded to this funding provision is £1.360mil, this is a net increase of £87,000 from the 2018/19 budget allocation. And mainly now reflecting, the formal budget clearance of the residual (£63,000) SLA saving undelivered in 2018/19.

## **11 High Need budget allocation to restore DSG reserve balances**

- 11.1 Whilst this paper sets out a mechanism to allocate a balanced High Needs budget for 2019/20. There is still a requirement to restore the residual deficit DSG reserve balance brought forward into 2019/20 of (£348,000). Residual funding has therefore been allocated away from service lines to target the full restoration of DSG high need reserve balances by the end of 2019/20. It however, must remain minded this will only be delivered should the spend within the service allocations be contained within the budgeted allocation. It is therefore recognised, given the demand and spend pressures within High Needs this remains at risk of full delivery.

## **12 2020/21 future High Needs planning**

- 12.1 This paper sets out a mechanism to allocate a balanced High Needs budget for 2019/20 but also allowing some welcome and much needed funding growth , whilst also considering the requirement to fully restore depleted High need DSG reserve balances. However, some of these spend provisions do still carry a fair degree of risk around affordability within their funding allocations, and this is mainly due to the ever increasing demand for EHCP statements.
- 12.2 The longer term aim of the High Needs budget and plan remains to apply a revised and consistent top up funding approach, as well as a full review of all high need funded area's including their effectiveness to deliver the required outcomes for those pupils and any gaps in required high need provision. The implementation date for this revised funding approach is expected from September 2020, and therefore this is another key requirement as to why high needs funding must be retained to balance including the restoration of the depleted High Need DSG reserve by the end of 2019/20. This will therefore support both a sustainable, funded and planned targeted growth with the distribution of high needs funding from 2020/21 supporting Southend children with SEND needs.



- 12.3 However, it must continue to be acknowledged that high needs pupils are those whose needs cannot be met by resources delegated via the schools block. Further reduction in inclusive practice, increased requests for EHCPs, pupil exclusions, parents of SEN pupils electively home educating and placements in special schools all put further funding pressure on the high needs block. Therefore, future and current High Needs budget pressures cannot be sustained without the support of the wider schools community.

### **13 Conclusion**

- 13.1 The high needs budget was significantly overspent in 2016/17 and 2017/18 resulting in depleted DSG reserves bought forward to 2018/19. Whilst the DfE have also awarded additional funding to the High Needs Block for Southend, this is still unfortunately below Southend's full funding allocation if there were no caps on funding gains applied. Whilst this paper does allocate a balanced budget for 2019/20 with limited growth where affordable, there remains constraints on funding distribution, and therefore risk on returning full restoration of depleted high need DSG reserves by the end of 2019/20.

### **14 Appendices**

Appendix 1 – DSG High Need Budget detail allocation 2019/20

Appendix 2 – Place funded pupil numbers per school or college from Sept-19

Appendix 3 – Special school top up funding for 2019/20 est. schedule

Appendix 4 – Special base unit top up funding 2019/20 est. schedule