

**Report to Hartlepool Schools' Forum 8 September 2015  
From Mark Patton – Assistant Director Education**

**Agenda Item 8 – High Needs Block Pressures**

**1. Purpose of Report**

1.1 The purposes of the report are to :-

- Inform Schools Forum of the financial pressures facing the High Needs Block
- Provide options for addressing the pressures for 2015/16 and future years.

**2. Background**

2.1 The High Needs Block allocation for 2015/16 financial year is £8.867m This includes commissioned services i.e. funding for the PRU , Home and Hospital Education , Special School funding and post 16 educational provision.

<b>High Needs Block Funding</b>	<b>£m</b>
EFA Allocation	8.867
Contribution to Schools Block	(0.550)
Contribution to Centrally Retained Services	(0.098)
<b>Total High Needs Block Funding</b>	<b>8.219</b>

The following paragraphs give details of the pressures on the current funding.

**2.2 Independent School Fees – Budget £0.740m**

An increased number of young people are being placed out of area to access specialist provision, particularly around autism and extreme and challenging behaviour. The current budget of £0.740m is predicted to overspend by £0.1m. This is a difficult area to predict as it is demand led and cases are subject to the Commissioned Placements Panel meetings for the remainder of the financial year. For 2015/16 academic year Hartlepool will need to commission educational placements out of area for 14 young people who fall into this category of SEN. These placements are at a high cost to the LA and current placements and costs are still not confirmed owing to ongoing assessments of young people. Therefore the estimate of £0.1m may increase. The LA is exploring options to manage need for Hartlepool Children by joining other North East regions as part of

a NE12 collaborative framework to jointly commission educational day and residential services. It is anticipated that this procurement arrangement will be in place by February 2016.

### 2.3 Pre 16 Special Schools – Budget £1.813m

There are higher levels of need for young people with an Education, Health and Care (EHC) plan in the special schools who have severe and complex learning difficulties, disabilities and behavioural needs. These children are being placed into Springwell and Catcote or other special schools across the Tees Valley. Owing to the increased pressure on the High Needs Block in 2014/15 academic year, the banding levels were revised to accommodate additional demands within the limited resources. This costs continue to be monitored closely and further updates will be brought to a future Schools Forum.

### 2.4 Alternative Resource Provision (ARP) – Budget £1.162m

There are currently five ARP's in Hartlepool. The budget includes place funding for the maintained schools and top up funding. There has been an increase in the needs and numbers of young people accessing the additionally resourced provision bases which has resulted in children being banded at a higher level to meet their needs. The 2015/16 top up funding is projected to overspend by £0.1m.

### 2.5 Individual Pupil Support – Budget £1.528m

This budget includes top up payments to mainstream schools, equipment purchases, transport costs and personal budgets. During 2014/15 the budget was overspent by £0.07m. The overspend was offset by savings within the block. For 2015/16 the overspend is estimated to be £0.150m. The final outturn is difficult to predict as funding is subject to applications for support being submitted to Panel, which are increasing month on month.

In addition, previously the cost of supporting 2yr olds was met from early years funding using the Pathfinder Grant. This funding ceased in March 2014. It was, and continues to be, the expectation of the DfE that the needs of these children are met via the high needs block without any additional funding.

### 2.6 Post 16 - 25 Provision Top Ups – Budget £0.700m

Place funding is passported to educational institutions via the EFA. The top up funding is funded from the High Needs Block. The number of young people aged 16-18 continuing with their studies who have EHC plans, a

statement or a co-ordinated support plan has increased in the last two years. As more young people with moderate to more severe learning difficulties, including those with challenging behaviour, access further education.

Top up funding rates for Further Education establishments are set and agreed with our Neighbouring Authorities. Final costs for 2015/16 will not be known until final pupil numbers have been confirmed for the September intake. However it is expected that costs will broadly be in line with the existing budget.

Numbers for post-19 programmes are growing. The programmes currently offered are being expanded to include internships which supports the young person into employment. The LA is currently reviewing all study programmes to ensure students wholly meet the criteria for the education funding. Where the programmes do not meet the criteria for education possible other sources of funding such as fully funded health or social care activities will be investigated. In addition to this review there will be an offer of a two-year programme of study with a 3<sup>rd</sup> year of study signed off only if it can demonstrated that continued progress will lead to the outcomes linked to the study programme.

### 3. **Summary of Budget Pressures & Funding Strategy**

The table below summaries the current pressure on the High Needs Block. The LA is looking at ways to manage this pressure and develop a funding strategy. The EFA have indicated that any changes in service provision are expected to be cost neutral. EFA have also indicated that LAs should assume the same level of funding will be received in 2016/17 i.e. £8.867m The LA will however contact the EFA highlighting the budget pressures.

<b>Budget Heading</b>	<b>15/16 Projected /overspend (£m)</b>
Individual Pupil Support	0.150
Alternative Resourced Provision	0.100
<b>Grand Total</b>	<b>0.250</b>

#### 3.1 **Proposal to Manage 2015/16 Projected Overspend**

To manage the overspend in 2015/16 the Autumn and Spring Term top up funding will need to be reviewed. Currently top up payments are based upon a model of £9.90 per hour for a period of 44 weeks (maximum).

Schools fund the first 13.8 hours and panel agree additional funding requests up to 25 hours per week plus 5 hours for lunchtime support.

The LA proposes to adopt a 38 week funding model for the IPS (topups), increasing the hourly rate to the equivalent of a Band 5 Teaching Assistant (including on costs). This equates to £10.74 per hour. The table below shows the impact of the changes to the rates;

	<b>Current</b>	<b>Term Time only (38 weeks)</b>
Hourly Rate	£9.90	£10.74
Termly week split	14/16/14	13/15/10
<b>Pre 16 Rates</b>		
Notional hours (R-Y11)	13.7	14.7
Top up for 25 IPS hours child (R-Y11)	£4,890	£4,203
Top up for 20 IPS hours child (R-Y11)	£2,712	£2,162
Top up 15 IPS Hours child (R-Y11)	£534	£122
<b>Early Years Rates</b>		
Notional Hours (N)	7.3	7.8
Top up for 15 IPS hours (N)	3334	2922
Est. Saving Sep - March	n/a	£170k
Est. Saving Full Year	n/a	£250k

It is estimated that adopting this model would generate in year savings of approx. £0.170m. The pressures directly relating to mainstream schools total £0.250m. There would be a shortfall of £0.08m in the current year. The forecast of £0.170m is based upon the latest pupils in receipt of top up funding and doesn't take into account any new applications to panel or applications for exceptional funding. The LAs exceptional funding policy will also be subject to review. The full year effect of changing to a 38 week model would result in a full year saving of approx £0.250m. It is hoped that the in year £0.08m shortfall can be achieved by reviewing existing arrangements detailed in para 4 and by exploring the use of other block funding.

Alternatively the hourly rate would need to reduce to £9 per hour if the weeks remained at 44 in order to produce a full year £0.250m saving.

### 3.2 Proposed Strategy to Manage 2015/16 – Independent School Fees - £0.100m

As detailed in para 2.2, owing to the nature of this overspend the LA is proposing to fund this pressure in 2015/16 using Council reserves.

### 3.3 Option For Future Funding Strategy - 2016/17 Budget

The LA proposes;

- The continuation of the 38 week IPS funding model whilst carrying out a review of all areas of IPS funding, including the bandings for the ARP units. It is estimated that applying the 38 week model for a full year would generate savings of £0.250m.

or;

- To reduce the contribution from the High Needs Block to the Schools Block which is currently £0.550m to £0.300m.

## 4. Review Existing Arrangements

In order to reduce the pressure the following actions are also being implemented.

- The LA has started to review all historical applications for every child who receives IPS. All schools will be asked to return to panel to reapply for funding. Historical funding will not remain without a clear level of need being demonstrated.
- The LA will consider alternative options used by other local authorities to fund IPS.
- As part of the IPS budget the LA funds approx £0.06m of specialist equipment which is purchased on behalf of schools. The number of applications for equipment is increasing. The LA proposes to develop an equipment policy where the education provider will be asked to contribute £100 or 10% of the cost of each item of equipment, whichever is the greatest. This would generate approx £6k of savings for a full year. The equipment policy will be implemented with effect from 1<sup>st</sup> September 2015.
- The LA are also reviewing the funding of post-19 studies and the programmes that are in place to make sure that young people who are funded meet criteria for the study programme and not funded on a year-on-year basis from 19-24. Possible other sources of funding such as fully funded health or social care activities also need to be considered.

## 5. Conclusions

Over the last few years the pressure on the High Needs Block has increased significantly. This is owing to;

- an increased number of young people who require EHC plans and their associated support costs
- children and young people in our special schools and in our additionally resourced provision bases in mainstream schools are being diagnosed with more complex needs
- a greater number of children without EHC plans who require additional support via Individual Pupil Support (IPS)
- an increased number of children and young people accessing specialist provision out of area.

The LA will approach the EFA with regard to securing additional funding for the high needs block. However, this is unlikely as the Education Funding Agency (EFA) have advised Local Authorities to assume funding will be at 2015/16 levels for 2016/17. Further information will be published as part of the spending review which is due imminently.

The LA will continue to review existing arrangements to ensure that all possible actions have been taken. Further reports will be brought to future meetings.

## 6. Recommendations

It is recommended that Schools Forum;

- note the contents of the report;
- consult with cluster groups and report back to the meeting on 22<sup>nd</sup> September 2015 regarding the LA proposal for 2015/16 to adopt a 38 week funding model for the IPS, increasing the hourly rate to £10.74;
- consult with cluster groups and report back to the meeting on 22<sup>nd</sup> September 2015 regarding the LA proposal for 2016/17;

agree to the continuation of the 38 week IPS funding model whilst carrying out a review of all areas of IPS funding

or;

agree to reduce the contribution to the SEN notional schools block. Currently the high needs block contributes from £0.550m to £0.300m.

