

Report to Hartlepool Schools' Forum 10th October 2017
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Item 1: High Needs Block Review Update

1. Introduction

- 1.1 The purpose of the report is to provide feedback following the Schools Forum of the 27th September 2017 and to respond to questions received from head teachers regarding the review of the High Needs Block (HNB).

2. Background

- 2.1 To address the increasing demands and historic inconsistencies of topup funding allocations a review of the High Needs Block has been completed. The review enabled a new funding model to be developed for 2018/19. This is designed to allocate the available ring fenced grant in a transparent, fair and equitable basis. Clearly, against the background of a significant increase in demand and only a small increase in the High Needs Block funding allocated to Hartlepool by the Government, the development of a new funding formula has been extremely challenging.

3. Feedback

- 3.1 Since the last School Forum the LA has received questions from head teachers, the questions and responses are included in Appendix 1.
- 3.2 Question 4 asks what other options have been considered. In summary the LA looked at a 3-year MFG for those schools affected by reductions in top-funding, and we have also looked at transferring a larger amount of funding from the Schools Block to the High Needs Block. These options were not brought to Schools Forum because of the cost of them and/or because of the impact on the budget of the majority of schools.
- 3.3 The options considered by the LA before consulting with Schools Forum on the recommended model are as follows:
- 1) Contain the pressures and topup funding within the existing HNB DSG funding
 - 2) Ask Schools Forum to transfer £0.550m back to the HNB
 - 3) Ask Schools Forum to transfer £1m from Schools Block to HNB
- 3.4 Option 1 -Contain pressures within existing the HNB DSG funding.
As explained in the Q&A's attached, this model was based on funding all known commitments leaving a pot of funding available to distribute for top-up funding. Given the level of pressures, the LA felt that this level of resources was insufficient to ensure that pupils would receive an appropriate level of support based on needs. Therefore schools would not have sufficient financial support to meet need. IPS top-

up funding would have reduced on average by 46% compared to the 18% in the preferred model. The cost of MFG in this model would be £1.1m, £0.300m higher than the preferred model.

- 3.5 The table below shows the impact on the ranges based on no transfer from the HNB.

Range	£0 from Schools block Preferred Ranges - £0.550m model				
	All Providers*	Early Years	Mainstream	ARPs	Special
1		-	-	-	-
2		-	-	-	-
3		-	-	-	-
4i	1,600	1,800	3,000	-	-
4ii	2,330	2,400	4,000	4,000	-
5i	3,200	3,600	6,000	6,000	5,000
5ii	7,120	n/a	n/a	10,000	10,000
6i	9,920	n/a	n/a	n/a	14,000
6ii	14,880	n/a	n/a	n/a	19,000

* prorata for Early Years pupils

3.6 Option 2 -Transfer £0.550m back to the HNB

This option is the LAs preferred model as it is the most equitable model of the three options considered. The return of the historic transfer from the HNB of £0.550m, means all schools would make a contribution to the funding shortfall. The LA felt that the transfer of the £0.550m would allow an appropriate level of funding to meet need.

- 3.7 IPS top-up funding in this model reduces by 18% on average compared to the 46% in Option 1. The cost of MFG in this model would be £0.792m, £0.300m lower than Option 1.

3.8 Option 3 Transfer £1m to the HNB

The LA did consider proposing a higher transfer from the Schools Block to the HNB of £1m. The impact of this transfer by school is summarised in Appendix 2.

- 3.9 30 schools would lose funding exceeding 1.5% in this scenario compared to 15 in the preferred model. Cost of MFG and reduction in top-up funding remain the same as the preferred model.

3.10 However, under this option there would be surplus resources each year of approximately £0.400m. Options available to the LA were :-

- support the capital investment and use this funding towards set up and running costs;
- additional capital investment; or
- utilise the funding to increase the values assigned to each range.

3.11 This option was not brought to Schools Forum as the LA deemed that the £0.550m transfer was sufficient and that the cut to individual school budgets by transferring £1m would be too high. In addition, the LA considers the values attached each of the ranges in the preferred model are sufficient to meet need.

3.12 3 Year MFG

In the preferred model the impact on schools with ARPs was greater than that on other mainstream schools. The LA decided to taper the reductions in funding to those ARPS which were full. In order to do this a local MFG was calculated.

3.13 Option 1 - To ensure parity the preferred model MFG took the average IPS top-up percentage reduction (18%) and applied this to individual ARP top-up reductions. The LA then tapered reductions over 2 year period. The cost of MFG is £0.093m over 2 years affecting 2 ARPs.

3.14 Option 2 - Consideration was also given to extending the local MFG to those schools where top-up reductions exceeded 1.5% of the Schools ISB and place funding excluding the transfer between blocks. In this scenario 3 ARPs exceeded this threshold. However, only 2 of these ARP's were full and therefore eligible for MFG.

3.15 The additional cost to the block between Option 1 and Option 2 would have been £32k over the 3 year period. Option 1 was included in the preferred model.

4. Recommendation

4.1 Schools Forum are asked to note the contents of the report

Head Teacher Questions

Based upon further information available from the DfE, as a cluster we have further questions regarding the High Needs Funding Block (HNFB).

1. What is the total schools block, and what percentage is the £0.550m?

The published draft baseline funding allocation for the Schools Block for 2018/19 is £62.317m. £0.550m represents 0.88% (less than 1%). Transfers exceeding 0.5% require LAs to make a request to the Secretary of State to dis-apply the regulations by 30th November.

2. When will the reported 2.9% increase be incorporated into the High Needs Funding Block?

The Table in para 9.2 of the, High Needs Block Review, report includes an estimate of the increase in the HNB of £0.300m (2.9%). Final allocations are due out in December.

3. Is it possible to obtain a full detailed breakdown of the HNFB?

The table in Para 9.3 details the forecast HNB expenditure in 2018/19. Further details of individual lines can be found throughout the report.

- LA Place Funding £1.291m – this is the cost of funding places within maintained Special Schools, PRU and ARP's. This also reflects the new funding regime where the ESFA have transferred funding from HNB to Schools Block to cover the difference between AWPU and Place funding.
- Independent School Fees £2.177m – para 5.3 shows £1.648m spend in 2017/18. Para 6.7 explains additional cost pressures of £0.315m in 2018/19. The remaining £0.214m reflects the full year cost of placements in 2017/18 and inflationary pressures.
- Out of Authority Top – Ups £0.354m – This was covered in the report para 6.8 and also the Q&A's question 4b.
- MFG Special Schools and ARP's £0.792m. This is detailed on Appendix A.
- Post 16 Funding - £0.750m – This is covered in para 7.8.
- High Needs Services -£0.467m – covered in paras 7.2, 7.5 and 7.9 and also Q&A's question 10.
- Contingency – £0.120m – covered para 12 of the report.
- Top-up Funding & Support - £3.038m – This is covered in paras 7.3, 7.4, 7.6 and 7.7. Q&A's question 8.

4. At the last Forum meeting it was alluded that there were other financial options available for the HNFB, please can we have details of the other options considered? It would also be beneficial to know why the other options were disregarded.

Officers were asked at Schools Forum whether any other options had been considered. The following paragraphs details the process followed by the LA. Support for children with SEN is funded from the High Needs Block, a ring fenced component of the overall Dedicated Schools Grant. Over the last two financial years (2015/16 and 2016/17) actual expenditure has exceeded the available resources owing to an increase in the number and complexity of children requiring additional support. This position is continuing in 2017/18, with a projected overspend of £0.875m. The budget overspends have been funded from the DSG reserve.

The review of the HNB was initiated to assess the increasing demand on the block and to address historic inconsistencies in funding top-up allocations.

Each area of the HNB has been reviewed to ensure where possible efficiencies have been made. This is detailed in the report.

Once known commitments, where the LA had already reviewed and taken efficiencies, were budgeted for this left a 'pot' of funding to allocate to fund top-up funding. This amount of funding was deemed insufficient to ensure that pupils would receive an appropriate level of support based on needs and not an arbitrary hourly rate.

The LA then modelled the effect of transferring £0.550m from Schools Block to the HNB. This in effect reversed the decisions previously agreed by Schools Forum where monies were transferred from the HNB to Schools Block. The LA deemed this new 'pot' of funding sufficient to ensure pupils would receive an appropriate level of funding to meet need.

The LA did consider proposing a higher transfer from the Schools Block to the HNB ie £1m, however, this was discounted as the LA felt that the £0.550m was sufficient and that the cut to individual schools budget on transferring £1m would be too high. The SEND Team and Finance Team worked together on the LAs proposed model to match available funding to the descriptors of need in each Range. This exercise ensured that using our best estimates of children accessing top-up funding that the model would be sustainable over 3 years, including MFG.

5. Why has the £467,000 for central services not been removed from the HNFB?

This budget does not refer to any of the services provided under Centrally Retained Services (which the ESFA have now established a new block for) or ESG Services – General Rate Duties. Details of High Needs Support Services are included in para 7.9 of the report and Q&A's question 10.

6. What are the voting rights of non-school members on the Forum?

On 27th September the ESFA published the new guidance, please see the link below:

7. What is the timescale with regard to decisions and outcomes for the SEMH Working Group?

The SEMH Working Group met for the first time this school year on Tuesday 19 September, following on from the work undertaken last year. The Group is aiming to have at least provision in place for the start of the 2018-19 academic year, sooner if possible. We know that there is capital funding available immediately from Schools' Forum and from April 2018 from the local authority via the SEN Capital Grant. We also know that schools are willing to pay for this provision to provide a revenue stream.

8. How do the current changes to the HNFB fit in with the LA planned vision?

Hartlepool is undertaking a review of its currently commissioned places. This review may mean recommissioning places from the same or from different providers to meet current needs, for example around SEMH. This element, however, is constrained by the funding received from the government into the HNB and the number of funded places the local authority is permitted to have. As described above in 7, there is a separate but related process to identify capacity within Hartlepool schools to provide further additional capacity to meet need.

9. What suggestions can you provide on how the LA and schools can collaborate together to tackle the HNFB dilemma?

The responsibility for ensuring that the books balance lies with the local authority, but the power to deliver the provision lies with schools. Partnership working and dialogue is, therefore, vital. The SEMH Working Group is an example of this. What is interesting about this example is that it lies outside the constraints of the HNB discussion, but it is related in terms of the town's overall provision. The largest disabling factor around the HNB debate is time: there are annual time constraints placed on local authorities and schools around the budget setting processes. What suggestions do schools have about how we might work effectively within the time constraints to resolve this dilemma?

Appendix 2

School	Pupil No's	Top up Reduction	£1m impact	ARP Reduction	MFG	Net Reduction in Funding Year 1	ISB + PF	% OF ISB Year 1	% OF ISB After Expiry of MFG *
School 22	17	(6,244)	(28,943)	(89,701)	59,935	(64,953)	1,862,532	(3.5%)	(6.7%)
School 11	13	(22,797)	(28,533)	0	0	(51,330)	1,504,365	(3.4%)	(3.4%)
School 9	14	(15,285)	(23,606)	(12,972)	3,437	(48,426)	1,675,152	(2.9%)	(3.1%)
School 32	31	(27,683)	(95,267)	(68,626)	0	(191,576)	6,197,939	(3.1%)	(3.1%)
School 26	11	(11,259)	(14,437)	0	0	(25,697)	893,041	(2.9%)	(2.9%)
School 18	6	(9,793)	(11,085)	0	0	(20,878)	755,029	(2.8%)	(2.8%)
School 8	17	(19,937)	(23,401)	0	0	(43,338)	1,589,388	(2.7%)	(2.7%)
School 17	12	(16,055)	(29,970)	0	0	(46,025)	1,689,039	(2.7%)	(2.7%)
School 27	15	(12,690)	(25,317)	0	0	(38,007)	1,405,290	(2.7%)	(2.7%)
School 4	15	(14,057)	(22,443)	0	0	(36,501)	1,413,848	(2.6%)	(2.6%)
School 28	13	(11,838)	(19,432)	0	0	(31,271)	1,277,196	(2.4%)	(2.4%)
School 15	17	(13,059)	(21,280)	0	0	(34,339)	1,432,356	(2.4%)	(2.4%)
School 29	11	(8,504)	(28,396)	0	0	(36,900)	1,555,446	(2.4%)	(2.4%)
School 30	5	(4,579)	(6,432)	0	0	(11,011)	467,666	(2.4%)	(2.4%)
School 16	7	(8,397)	(21,485)	0	0	(29,883)	1,312,148	(2.3%)	(2.3%)
School 1	7	(5,457)	(27,643)	0	0	(33,100)	1,516,361	(2.2%)	(2.2%)
School 7	5	(3,843)	(6,090)	0	0	(9,933)	463,898	(2.1%)	(2.1%)
School 3	5	(5,834)	(20,254)	0	0	(26,088)	1,255,691	(2.1%)	(2.1%)
School 5	6	(4,733)	(12,180)	0	0	(16,913)	841,187	(2.0%)	(2.0%)
School 10	3	(3,185)	(16,148)	0	0	(19,333)	998,094	(1.9%)	(1.9%)
School 2	6	(4,272)	(19,501)	0	0	(23,773)	1,249,012	(1.9%)	(1.9%)
School 19	7	112	(21,006)	0	0	(20,894)	1,116,118	(1.9%)	(1.9%)
School 6	2	(424)	(21,554)	0	0	(21,978)	1,241,138	(1.8%)	(1.8%)
School 20	8	(2,979)	(22,169)	0	0	(25,148)	1,451,799	(1.7%)	(1.7%)
School 21	18	(2,438)	(104,578)	0	0	(107,016)	6,192,194	(1.7%)	(1.7%)
School 34	21	(3,000)	(24,975)	0	0	(27,975)	1,638,852	(1.7%)	(1.7%)
School 33	13	9,631	(83,714)	(11,092)	0	(85,176)	5,121,036	(1.7%)	(1.7%)
School 31	3	440	(14,301)	0	0	(13,860)	842,990	(1.6%)	(1.6%)
School 12	9	61	(14,027)	0	0	(13,965)	890,792	(1.6%)	(1.6%)
School 25	14	(528)	(100,440)	0	0	(100,968)	6,444,375	(1.6%)	(1.6%)
School 13	2	(1,730)	(9,853)	0	0	(11,583)	750,117	(1.5%)	(1.5%)
School 14	2	(1,205)	(6,432)	0	0	(7,637)	505,878	(1.5%)	(1.5%)
School 35	1	(900)	(8,758)	0	0	(9,658)	650,782	(1.5%)	(1.5%)
School 23	6	2,002	(57,591)	0	0	(55,589)	3,772,411	(1.5%)	(1.5%)
School 24	9	5,976	(8,758)	0	0	(2,782)	690,479	(0.4%)	(0.4%)
Sub-total	351	(224,484)	(1,000,000)	(182,391)	63,372	(1,343,503)	62,663,639	(2.1%)	(2.2%)
Special School 1	106	(494,823)	0	0	478,030	(16,793)	2,179,573	(0.8%)	(22.7%)
Special School 2	71	(262,188)	0	0	250,398	(11,790)	1,495,994	(0.8%)	(17.5%)
Sub-total	177	(757,011)	0	0	728,428	(28,583)	3,675,567	(0.8%)	(20.6%)
Grand Total	528	(981,495)	(1,000,000)	(182,391)	791,800	(1,372,086)	66,339,206	(2.1%)	(3.3%)