

9b LBB proposals – Proposal to transfer 0.5% of the schools block funding into the High Needs block for 2019-20

The Schools Forum is asked to comment on the following proposal and draft consultation document and to note that schools will now be consulted on the proposal and a special meeting of the Schools Forum will be arranged for late November to enable the Forum to consider the responses from schools and to consider whether to give its approval to the proposed transfer. It should be noted that the council will also be conducting a public consultation on this proposal as part of its consultation on its proposed Medium-Term Financial Strategy.

Consultation on a proposal to transfer 0.5% of the schools block funding to the High Need block

This paper sets out a proposal to transfer 0.5% of the schools block funding into the High Needs block for 2019-20.

The paper follows guidance set out in the DfE document, 'Schools revenue funding 2019 to 2020 - Operational guide', July 2018, which can be found here:

<https://www.gov.uk/government/publications/pre-16-schools-funding-guidance-for-2019-to-2020>

DfE guidance

The schools block will again be ring-fenced in 2019 to 2020, but local authorities will retain limited flexibility as outlined below:

- Local authorities may transfer up to 0.5% of their schools block funding into another block, with the approval of their schools forum.
- Local authorities wishing to make a transfer should consult with all local maintained schools and academies, and the schools forum should take into account the views of the schools responding before giving their approval.
- If the schools forum turns down a proposal from the authority to move funding out of the schools block, but the authority wishes to proceed with the transfer, it must submit a disapplication request to the Secretary of State by 30 November 2018

The DfE guidance goes on to say:

- We expect that most proposals by local authorities to move funding from their schools block will arise as a result of pressures on their high needs budgets.
- All local authorities are expected to keep their local offer of special provision under review, and to plan ahead strategically to ensure good quality provision can be developed and sustained in line with available resources. It is particularly important that mainstream schools are clear about how they contribute to the local offer, and how the extent of that contribution can affect the need for more specialist provision and the costs that local authorities consequently have to meet from their high needs budgets.
- Any proposal to transfer funding from the schools block should be presented along with a range of evidence to back up the proposal, both to schools as part of the local consultation and to the schools forum in seeking their approval. Schools forum discussions should include appropriate representation from special schools and other specialist providers.

The following paragraphs set out the evidence that the DfE guidance indicates should be included in the consultation proposal to schools.

Explanation of the reasons for the proposed transfer

1. Previous transfers between blocks

There have been no previous transfers between funding blocks under the new ring-fenced arrangements for funding blocks. In previous years there has been underspending in the overall Schools Budget, which helped to create reserves that could be used to address new pressures, such as the need to allocate 'growth funding' for new and expanding schools.

However, the reserves have gradually been used up, largely to pay for growth funding and because of growing pressures on the High Needs budget as a result of demographic growth and the impact of the government's SEN reforms (in particular extending funding for pupils with special educational needs from 0 to 18 year olds to 0 to 25 year olds. With no reserves to draw on and with a forecast overspend in the High Needs budget in 2018-19, the council now needs ask for a transfer from the schools block in order to balance the High Needs budget in 2019-20.

Across the country a significant number of local authorities have sought agreement to such transfers for 2018-19 from their Schools Forum and have secured agreement. This is a reflection of the fact that there is an overall shortfall in the High Needs Block nationally. 'London Councils' is continuing to lobby the Government to request this is dealt with as part of the Comprehensive Spending Review.

2. Breakdown of budget pressures that have led to the requirement for a transfer

DSG High Needs funding has not kept up with inflation or the rate of demographic growth in recent years, whereas demand, driven by a mixture of demographic change and the new framework created by the SEN reforms, has grown significantly. Local authorities across England are facing similar problems and many are known to have faced significant overspending on their High Needs budgets.

Increasing numbers of pupils with EHCPs

There has been a 30% increase in the number of children and young people living in Barnet with a statement or EHCP between 2014 (when the new SEND reforms were introduced) and 2017.

2014	2015	2016	2017	2018	2019 (Projected)	2020 (Projected)
Statements	Statements + EHCPs	Statements + EHCPs	Statements + EHCPs	EHCPs	EHCPs	EHCPs
1,727	1731	1,817	2,088	2,256	2,341	2,430
1.05%	0.23%	4.97%	14.91%	8.05%	3.79%	3.79%

There was a spike in growth in 2016-17 when post-16 Learning Disability Assessments were transferred to EHCPs, so 2017 saw a 15% increase in EHCPs. This still represents an increase in demand for support funded from the High Needs block, which was not matched with growth in High Needs funding.

Allowing for that spike, the average annual increase in EHCPs is around 3.8%. Based on this trend, the number of EHCPs will rise to about 2430 by 2020, so a 16.4% increase over 3 years, which will represent a 40% increase since 2014-15.

Increase in post-16 numbers and costs

The main areas of growth are in 16-19 year-olds with EHCPs and 20-25 year-olds:

EHCPs by Age				
Year	16-19	% Increase	20-25	% Increase2
2016	309		0	
2017	386	24.9%	92	
2018	493	27.7%	174	89.1%

Post-16 expenditure has increased as a result as follows:

2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 forecast
£2,140,551	£2,799,799	£3,494,259	£4,044,807

Increase in complexity

The demand pressures then lead to even higher costs because of the growth in the number of children and young people with EHCPs who have complex needs. Our special schools cater for SEN pupils with complex needs and the growth in top-up funding has increased, in line with increases in the number of placements, as follows:

2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 forecast
5,512,180	6,087,671.92	6,659,844.84	7,147,056.00

Additional specialist places

The council, in collaboration with mainstream and special schools in Barnet, has responded to the rising demand and the rising complexity of demand by planning for additional specialist places locally, as a way of avoiding excessive costs arising from out-borough placements and of offering parents and carers the choice of quality local provision. Over 200 additional local specialist places will be created:

- The expansion of Oak Lodge Special School, completed in July 2017, at a cost of £8.2m providing additional capacity for up to an additional 40 children with special educational needs and/or disabilities.
- From September 2017, new provision was commissioned from Oak Lodge school and located on its current site for children with Autistic Spectrum Condition working at a higher level than the majority of pupils at the main school, which therefore required a specialist and tailored curriculum. The cost of establishing this was £450,000.
- Oak Lodge converted to an Academy on 1 January 2017 and its application to open a new special Academy free school (The Windmill) for up to 90 children and young people with an autism spectrum condition (ASC) has been approved by central government and the council is working with the Department for Education and the Education and Skills Funding Agency to identify a site.
- In February 2017, Kisharon School, an independent all-through special school with a Jewish ethos, was granted planning consent to proceed with the construction of a new school on its current site. This will enable the school to expand its provision. The school has now been granted the status of a Special Academy.
- Coppetts Wood additional resourced provision (ARP) which was designated to cater for children with speech and language needs, has now been re-commissioned to focus on the needs of children with ASC.
- New additional resourced provision for pupils with ASC has been established at Chalgrove Primary School and Whitefield Academy (secondary) this term.

- Additional places for young people with learning difficulties (LDD) and/or disabilities have been created at Barnet and Southgate College in their LDD provision at the Southgate campus helping to meet the rise in this cohort of young people.

These plans are set out in the SEN Strategy, which was developed in collaboration with schools, parents (including the parent-carer forum) and other agencies (health, social care, voluntary organisations). The LA also liaises with neighbouring authorities over its plans. The strategy will be reviewed and updated each year in collaboration with the same groups and organisations.

Alternative Provision

The council has also taken steps to consolidate its provision for excluded pupils and 'education otherwise' through:

- Working with the Education and Skills Funding Agency to progress the delivery of a project to re-build the Pavilion Pupil Referral Unit on its current site. The project is complex and challenging due to the restricted access of the current site and significant additional funding is required to overcome this challenge. The project has experienced a significant delay whilst a cost effective and viable solution to the access arrangements is found. Temporary accommodation will also be required during the building programme and the changing facilities currently available for sports clubs will be re-provided elsewhere on the site.
- Capital funding is being provided through the Government's Priority Schools Building Programme supplemented by council funding. Council funding will provide additional facilities to extend the current Pavilion offer and re-provide community sports changing facilities on the Chandos Avenue site to enable the development to proceed. The overall project is likely to cost in the region of £13m depending on the solution for resolving the access and temporary accommodation arrangements.
- On 1st May 2017, Oak Hill, which had been an additional resourced provision attached to Mill Hill County High School (Academy) was established as a separate, special Academy, as part of the newly established AP Barnet Multi-Academy Trust. The longer term intention is for the Pavilion Pupil Referral Unit and Northgate school to become part of this Multi-Academy Trust.
- The council has worked with the AP Barnet MAT, the two PRUs and secondary heads to develop an Alternative Provision Strategy for Barnet.

Achievement by children and young people with special educational needs

As well as being very inclusive, Barnet has a successful record of achievement by pupils with special educational needs.

Attainment in Reading, Writing and Mathematics combined by KS2 pupils on SEN Support is strong, as is progress by KS2 SEN Support pupils and pupils with Education, Health and Care Plans in Reading and Mathematics. Barnet ranks in the top 10% of LAs for all these measures.

The performance of KS2 pupils with SEN Support in Barnet improved by 11 percentage points between 2016 and 2017, and Barnet's rank rose from 18th in 2016 to 7th in 2017 (out of 152 LAs). The performance of EHC Plan pupils in Barnet at KS2 has not been as successful. There has been a slight decline in the percentage of this cohort reaching the expected standard. However, the variability and small size of this cohort makes it very difficult to compare accurately between years.

Attainment of SEN support pupils at secondary level is in the top 20% (Attainment 8) but in the second quartile for progress (Progress 8). Attainment of EHCP pupils at secondary level is in the top 10% (Attainment 8) but in the second quartile for progress (Progress 8).

Strategic financial plan to re-align High Needs expenditure to the High Needs block

The council has already taken steps to bring high needs expenditure to levels that can be sustained within anticipated future high needs funding levels:

High Needs block projections

Officers have highlighted the risk of an overspend on the High Needs budget over recent months, due partly to demographic pressures (rising pupil numbers and an increased proportion with complex needs) and partly to the recent SEN reforms, particularly the new requirement to support young people with SEN up to the age of 25, instead of 19. These factors meant it was only possible to set a balanced budget for 2018-19 by making some adjustments to a number of budget headings.

The following adjustments were made:

Saving	Action	£m
Remove medical pathway funding	No further medical funding provided but cost incurred re decisions already made; funding considered as part of the assessment of needs for EHCPs.	0.071
Reduce exceptional needs funding	Lower level of exceptional funding is being provided and for only one term.	0.143
Post-16 maintained FE Top Ups	Barnet and Southgate College - savings achieved through banding and renegotiation of rates	0.200
Post-16 ISPs	Expected reduction in ISP cohort and push back on rates charged (WorkSkills)	0.200
Panel banding decisions	Ensure banding decisions align to the agreed banding framework	0.300
EY transitions funding	Adjustment to the budget	0.050
Independent Special Schools	Negotiate reduced rates with major provider of places	0.200
Specialist packages	Adjustment to Outreach services budget	0.050
Total		1.214

Despite these adjustments, the High Needs block is now forecast to overspend in 2018-19, as a result of additional in-year pressures as follows:

Pressure	£m
Post-16 additional places	0.155
More Special School pupils and in higher bands	0.220
More Primary top-ups	0.046
More secondary top-ups	0.456
Residential placements	0.313
Fewer independent day	(0.188)
Projected overspend	1.002

So, despite the £1.2m savings that were put in place so that a balanced budget could be set, the council is now facing a potential overspend on the High Needs budget of £1.002m.

Financial Plan

In order to re-align High Needs spending to the High Needs budget, the following actions have been agreed:

- **Review of decision-making on requests for EHC assessments and the length of post-16 placements, to ensure alignment with the Code of Practice**

The new Assistant Director, SEND and Inclusion, will carry out this review shortly after taking up post on 1 October, with a view to completing it and any consultation required, in order to impact on new assessments from April 2019 and new placements from September 2019.

- **Negotiate appropriate funding rates for post-16 providers**

The same funding restrictions will be applied to other post-16 providers as have already been applied this year to Barnet and Southgate College.

- **Adjust Top-up rates for Additional Resourced Provision (specialist SEN provision attached to mainstream schools)**

The new Assistant Director, SEND and Inclusion will review top-up levels to ensure the amounts paid per pupil with a specialist ARP place are appropriate to meet needs.

Savings

There is expected to be a carried forward deficit of £1m as the above measures will not result in savings until 2019-20. In order to balance the budget in 2019-20 it is necessary to make adjustments to bring in-year expenditure into line with the annual High Needs budget and to remove the deficit. Alternatively, a transfer of funds from the schools block can be used to remove the deficit and to contribute towards any remaining budget gap.

The above measures, combined with the proposal to transfer 0.5% of the schools block to the High Needs block, is expected to bring the High Needs block into balance and, unless demand exceeds current expectations or DSG income is less than predicted, it may be possible to avoid transfers from the schools block in subsequent years. However, it is possible that the cost pressures in High Needs are such that it will be necessary to seek approval for transfers of up to 0.5% from the schools block in future years as well, if permitted.

In the meantime the SEN team will continue to work collaboratively with health and social care services to secure suitable high needs placements for children and young people with complex needs and others requiring support from more than one agency at a cost that can be afforded. Health and social care budgets already contribute to joint placements as a result of a tripartite funding agreement between the three agencies.

The council will also continue to allocate appropriate funding to mainstream schools for both mainstream placements and placements in Additional Resourced Provision in order to maintain Barnet's high levels of inclusion in mainstream schools. Additional specialist places are focused on the 94% of Barnet schools that are good and outstanding. Good inclusive practice exists across many schools and is shared through headteacher Network meetings and training events led by the Specialist Inclusion Service. SEN officers have led discussions about 'fair shares' with headteachers, to encourage schools with low numbers of SEN pupils to develop their inclusive practice and encourage more admissions of SEN pupils.

Impact on individual school budgets of the transfer from the schools block

The proposed transfer from the schools block will mean a reduction in the budgets that would otherwise be available for most schools, although schools will continue to be protected by the application of the Minimum Funding Guarantee (MFG). For 2019/20, the MFG in the National Funding Formula continues to be set at -1.5% per pupil. However, depending on the final Schools Block funding allocation once confirmed in December, Barnet would hope to offer an improved minimum funding guarantee as it did in 2018/19, even after the transfer into the High Needs block.

The impact on individual school budgets, taking account of MFG adjustments, can be seen in Column 4 of the table shown in Appendix B.

The Schools Forum is asked to note, and comment on, this report.