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| **Schools Forum 31st January 2017** | Item  8 |

**SUBJECT: High Needs Block Allocations 2017/18**

**LEAD OFFICER: Marius Karsten-Strydom**, Children, Schools and Families Finance

**RECOMMENDATION**

**That the Forum:**

1. **Notes the funding allocations for 2017/18**
2. **Agrees the centrally retained items for 2017/18 (2.8)**
3. **Purpose of report and executive summary**

1.1 The Government announced the Dedicated Schools Grant allocation on 20th December 2016. Merton’s allocation split over the three blocks is as follows:

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| **Description** | **2017/18**  **£000** | **2016/17**  **£000** |
| Schools Block | 116,421 | 119,026 |
| Early Years Block | 15,061 | 11,122 |
| High Needs Block | 31,632 | 26,833 |
| **Total as at Schools Forum meeting** | **163,114** | **156,981** |
| Academy recoupment | (18,263) | (17,272) |
| **Final allocation for the year** | **144,851** | **139,709** |

1.2 This report will concentrate on the HNB including the allocation and commissioning purposes of this funding.

1. **Details**
   1. **High Needs Block funding**
      1. The high needs funding system is designed to support a continuum of provision for pupils and students with Special Educational Needs (SEN), learning difficulties and disabilities, from their early years to age 25.
      2. Base funding (“place funding”) is given to local authorities to distribute to institutions for them to provide places on an on-going basis. This is supplemented with “top-up funding” which follows individual pupils and students. The top-up funding provided to local authorities includes funding for central services to support these high cost places.
      3. The table on the next page shows how Merton’s High Needs Block funding is allocated.

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| **Description** | **2017/18**  **£000** | **2016/17**  **£000** |
| Mainstream settings (Individual SEN statements) | 3,711 | 3,666 |
| Special Schools | 8,097 | 7,877 |
| Additional Resource Provision bases | 2,542 | 2,671 |
| Pupil Referral Unit (PRU) | 1,788 | 1,788 |
| Centrally retained High Needs funding for commissioned services | 13,636 | 12,851 |
| Post 16 FE and ISP funding | 2,060 | 2,060 |
| Centrally retained High Needs funding for special schools | 37 | 35 |
| Central duties to maintained schools (ESG) | 11 | 0 |
| Transfers from other blocks | (250) | (4,115) |
| **Total Funding** | **31,632** | **26,833** |

* 1. **Mainstream settings**
     1. Schools are expected to contribute the first £6,000 of additional educational support for High Needs pupils and students. This additional support is for a provision over and above the standard offer of teaching and learning for all pupils or students in a setting. Pre-16, schools and Academies will continue to receive a clearly identified notional SEN budget from which to make this contribution. Merton will provide this budget for maintained schools while the EFA will provide it for Academies. The notional SEN will comprise three elements as detailed below.

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| **Formula factor** | **2017/18** |
| Age Weighted Pupil Allowance (AWPU) | 2.5% |
| Deprivation (Free School Meals & IDACI) | 10% |
| Low cost, high incidence SEN (Low Attainment) | 100% |

* + 1. The notional SEN budget should be used to support pupils with low cost, high incidence SEN as well as the first £6,000 support for pupils with statements.
    2. The notional allocation is only a guide and schools are expected to set their budgets in such a way to meet the needs of all their pupils, including those with additional needs, within the resources they receive.
    3. Where schools have a high number of SEN students, the allocation to support these pupils through the schools formula might not be sufficient. Funding will be set aside in the High Needs Block to support such schools. If more than 2.5% of a school's NOR are pupils with statements, the excess percentage will be multiplied by the school's NOR and multiplied by £6,000 to calculate additional support for the school.

Example

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| 9 pupils as a percentage of 186 | 4.84% |
| Less 2.5% threshold | 2.34% |
| 186 x 2.34% | 4.35 pupils |
| 4.35 pupils x £6,000 | £26,100 |

In 2017/18 £267k will be allocated to schools through this mechanism.

* + 1. The NOR will be based on the October count and the numbers of SEN statements will be based on the numbers as per the October SEN statement payment to schools. The number of statements used will exclude pupils funded in special units.
    2. Merton’s statement funding will remain at the same levels as in 2016/17 and is detailed in the table below.

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|  | **Reception** | **onwards** | **2, 3 and 4** | **year olds** |
| **Band** | **2017/18** | **2016/17** | **2017/18** | **2016/17** |
| Band1 | Part of £6,000 notional SEN funding | Part of £6,000 notional SEN funding | Part of SEN support funding | Part of SEN support funding |
| Band 2 | £5,691 | £5,691 | £5,846 | £5,846 |
| Band 3 | £7,826 | £7,826 | £6,913 | £6,913 |
| Band 4 | £9,961 | £9,961 | £7,981 | £7,981 |
| Band 5 | £12,096 | £12,096 | £9,048 | £9,048 |

* 1. **Special Schools**
     1. Specialist SEN and LDD schools will continue to receive a base level of funding on the basis of an agreed number of planned places at £10,000 per place. Top-up funding above this level will be set as the 2016/17 values and uplifted this year to take account of the additional £1.43 cost to schools for school improvement, £23.11 for the statutory central education function reduction.
     2. Due to the increase in pupil numbers at special schools by 8 to 367, the special school budget will be increased by £220k to cover the cost pressure of supporting these additional children.
     3. The total for specialist SEN and LDD settings includes the school budgets for Cricket Green, Perseid, and Melrose special schools.
  2. **Additional Resource Provision bases**
     1. Places in special units and resourced provision will attract a base level of funding of £10,000 per place as well as top-up funding. Where the numbers in the base have stayed the same, we have kept the top-up funding at the same rate as 2016/17. Where numbers have increased/decreased, top-up funding has been adjusted to reflect these adjustments. Any additional funding to the base totals will be equal to band 5 (£12,096) of statement funding as agreed by the SEN manager.
     2. Due to the reduction in numbers of children supported in bases, the overall ARP budget will decrease by £129k to £2.542m in 2017/18.
  3. **Pupil Referral Unit (SMART Centre)**
     1. The PRU will receive a base level of funding of £10,000 per place. Top-up funding above this level is set at £6,504 which has been uplifted this year to take account of the additional £1.43 cost to schools for school improvement, £23.11 for the statutory central education function reduction.
     2. Mainstream schools and Academies have important commissioning responsibilities with regard to pupils of compulsory school age who are placed in Alternative Provision for the purpose of early intervention or as a result of fixed-term exclusion. In such instances, under the new funding arrangements, mainstream schools and Academies will be responsible for paying top-up funding to the AP settings in which they place pupils.
     3. Alternative education and medical service provision are also delivered through the SMART Centre.
     4. The exclusion process currently involves a deduction of AWPU against a national criteria and a local agreement to pay £3,000 per excluded pupil and receive £3,000 for a re-integrated pupil. This agreement is between all secondary maintained schools and academies and will continue in 2017/18.
  4. **Centrally retained funding for commissioned services**
     1. These services are retained centrally by the Local Authority to deliver direct services or procure services from external providers to ensure the most economic use of resources. The table below details these services.

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| **Description** | **2016/17**  **£000** | **2016/17**  **£000** |
| Non-Delegated Statements | 9,532 | 8,921 |
| Cost of Merton pupils in other LA maintained schools | 2,313 | 2,069 |
| Cost to other LAs for their children in Merton maintained schools | (1,159) | (1,159) |
| Sensory Team | 392 | 376 |
| Virtual School | 373 | 361 |
| SSQ Core Offer | 359 | 350 |
| Language and Learning therapy | 354 | 635 |
| Education psychology | 266 | 41 |
| Behaviour Support | 235 | 206 |
| Education welfare | 168 | 163 |
| SEN referral & early help 0-25 team | 164 | 206 |
| Social Inclusion | 136 | 142 |
| Vulnerable Children's Education | 123 | 110 |
| Therapy in Special schools | 112 | 112 |
| Merton Autism Outreach Service (MAOS) | 100 | 100 |
| SEN support | 81 | 56 |
| Portage | 37 | 62 |
| Independent hospital provision | 50 | 50 |
| Education support for Looked After Children | 0 | 50 |
| **Total Cost** | **13,636** | **12,851** |

* + 1. The £686k growth received on the HNB is not sufficient to cover the cost pressures. For 2017/18 the increase was allocated to the non-delegated statement budgets to address the expected overspend on Independent Day school provision.
  1. **Post 16 Further Education (FE) College and Independent Specialist Provider (ISP) funding**
     1. The funding in this area relates to high level SEN or LDD cost for young people aged over 16 in FE colleges and ISPs. The responsibility for these payments transferred to Local Authorities in September 2013.
  2. **Centrally retained funding for special schools**
     1. This includes the funding for centrally provided services for the special schools, similar to de-delegated budgets held for the maintained primary and secondary schools.
     2. An additional item was added this year for statutory School Improvement as the funding for this service changed. Special schools are required to pay £1.43 per pupil towards this service. In order to ensure that schools’ budget did not reduce due to this additional burden, top-up elements were increased by the same amount.
  3. **Central duties to maintained schools (ESG)**
     1. In order to maintain the statutory central duties to Merton maintained schools (old ESG funded services); schools are required to make a contribution towards these services based on numbers on roll through the top-up funding (AWPU for primary and secondary schools). The cost to primary, secondary and special schools will be £23.11 per pupil on roll to provide an overall de-delegated budget of £500k in 2017/18 (£489k for schools block and £11k from high needs block). This is estimated to increase to £38.27 in 2018/19 to provide an overall budget of £828k.
     2. As mentioned in paragraph 2.3.1, in order to ensure that schools’ budget did not reduce due to this additional burden, top-up elements were also increased by £23.11.
  4. **Transfers from other blocks**
     1. Following the re-baselining of the DSG, it is no longer necessary to make adjustments to the blocks for changes which were agreed for the years up to 2016/17. In order to align the DSG with expected spend for 2017/18 the following transfer is required.

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| **Description** | **Schools**  **£000** | **Early Years £000** | **High Needs £000** |
| Increase in out of borough statement/EHCP placements | (250) |  | 250 |
| **Net Transfer between blocks** | **(250)** |  | **250** |

1. **Financial, resource and property implications**

4.1 The financial implications are detailed in the main body of this report.

1. **Legal and statutory implications**
   1. No legal implications at this stage.
2. **Human rights, equalities and community cohesion implications**
   1. None at this stage.
3. **Appendices**
   1. None

**Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report:**

* 1. Centrally held financial information and other papers held by the Children Schools and Families Finance Team.

1. **Report author**

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