

# WIRRAL COUNCIL

## CABINET

16<sup>TH</sup> JANUARY 2014

<b>SUBJECT:</b>	<b>PROPOSALS FOR CHANGES TO SCHOOL TOP-UP PAYMENTS FOR STUDENTS WITH HIGH NEEDS</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF CHILDREN'S SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR TONY SMITH</b>
<b>KEY DECISION?</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 Following changes that were introduced by the Department for Education (DfE) nationally to the funding for pupils with High Needs (SEN) in April 2013, this report recommends revised funding arrangements for SEN Top-Ups in maintained Primary, Secondary, Special and Academy Schools. In addition revised place numbers are recommended in some specialist school and base provision
- 1.2 Proposals have been developed through a working group of the Schools Forum and were advised by a series of meetings with special schools, SEN resourced provision, alternative provision and colleagues from other authorities of the Merseyside Learn Together Partnership. There has been an extended consultation with schools and providers (3<sup>rd</sup> July to 18<sup>th</sup> October). The report has been discussed with and was approved by the Schools Forum at it's meeting on 13<sup>th</sup> November. The proposals also require Cabinet approval.

### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 Local Authorities have the responsibility for planning and funding provision for High Needs pupils and students aged 0 – 25. The Education Funding Agency's role (EFA) is to support authorities with an aim to move to a single funding system for High Needs both pre and post 16 pupils and students
- 2.2 In 2013 a new system of funding was introduced by the DfE for the funding of High Needs pupils in schools. This introduced a new national system for the funding of specialist provision, with each school receiving an amount of £10,000 per place and an additional top up based on individual pupil needs. This new system is known as "Place plus". Previous funding systems were more heavily weighted towards funding places in schools rather than pupils.
- 2.3 In respect of "Place" funding authorities must review specialist provision ahead of confirming 2014-15 place numbers. The intended outcome is that the number of places for 2014-15 broadly matches where the students will be. It will mean that some

schools that have more pupils than places (where it is expected that these numbers will continue), will receive additional funding to meet needs. Other schools where places are unfilled will need to plan for a reduction in their place led funding. The changes that will be made and the schools affected are described in more detail later in this report. Over time it is likely that school census and Individualised learner record data will form the basis of place led funding.

- 2.4 Top Up funding (ie the “Plus” element) reflects the additional support costs in excess of place funding for individual pupils and students and takes into account factors such as the pupils individual needs and facilities / support provided. Some authorities have set rates specific to each institution and this was the initial approach in Wirral during the first year of transition to the new funding system in 2013-14.

Other authorities have adopted a more uniform approach so that funding for particular types of need is the same within bands across the authority. This is a significant piece of work that has been undertaken with Wirral’s Schools Forum’s SEN Finance Steering Group, the outcome of which has resulted in a banded approach to top ups for:

- Students attending Specialist SEN provision: Wirral’s 11 special schools, and 14 resourced provisions in mainstream schools, and students attending independent non-maintained special schools and independent schools;
- Students in mainstream schools with specialist SEN funding and /or statements of SEN;
- Students in post 16 provision with element three costs; Further Education Colleges, Sixth Forms and Independent Specialist Providers (ISP);
- Students attending alternative provision; two primary behaviour bases and Wirral’s Alternative Schools Programme (WASP - KS3/4 Pupil Referral Unit - short stay school)

Proposals have been advised by a series of meetings with special schools, SEN resourced provision, alternative provision and colleagues from other authorities of the Merseyside Learn Together Partnership. One of the key features of this new system is a transparent and comparable funding methodology for students with High Needs whatever the education institution they attend.

- 2.5 The major issues identified and taken into account in consultation with specialist SEN providers was the need for any banded approach to:

- ensure stability of budgets by minimising as much as possible any disturbance to current levels of funding;
- take account of possible fluctuations to funding because of part year occupancy of places and the interest of the authority to have places available;
- not to be too simplistic. Very early suggestions around banding looked at the possibility of just 3 bands – low, medium and high;
- recognise the needs of a growing number of pupils with social communication needs with relatively stronger funding than has been the case to date;
- recognise the resource intensive nature of making provision for those with the most profound and multiple difficulties.
- honour existing commitments
- take account of the fact that there was limited scope to redistribute monies without additional funding for pupils already in the system

The changes proposed are for a two year period April 2014-16 and will be kept under review with regular reports to the Schools Forum. During this time it is planned to look at how the bands operate and the opportunities for further development as part of the introduction of birth to 25 Education, Health and Care Plans. There will also be a need to respond to any further national developments and requirements from the EFA.

The new system being recommended does expose some vulnerability for SEN funding, both when pupil numbers and places fall. There is less certainty in the overall level of funding for schools. Proposals to help overcome this include a weighted spring and summer term top up for new arrivals and a contingency fund which would be used to support specialist provision experiencing financial difficulties whilst future options are considered.

## 2.6 Minimum Funding Guarantee (MFG)

EFA guidance issued in summer included an extension to the requirements for a MFG within specialist provision. A condition of the Dedicated Schools Grant is that authorities are obliged to maintain each top up rate at no less than 98.5% of its 2013-14 value, ensuring that any reduction per pupil is not greater than 1.5%. With no changes this would mean that the proposed banded rates for 2014-15 would need to be capped, making a number of the planned changes difficult to implement.

Wirral has applied for an exemption from this condition of grant. One of the suggested reasons by the EFA for allowing this application is where authorities are trying to introduce a banded system, since any band reduction could be protected regardless of the overall position for the school. The Schools Forum has supported the application to the EFA and the outcome of the exemption application is awaited.

Recent communication indicates that the MFG applies only to Special Schools and not to Resourced Base provision. Whilst an exemption is still preferable, the MFG if required will work better with the existing proposals.

## 2.7 Banding Proposals

Five funding bands are proposed as shown below. These provide the “Plus” element of “Place Plus” in addition to the £10,000 per pupil place element.

Top Up	Staffing Average	Cognition and Learning	Communication and Interaction	Behaviour, Emotional and Social	Physical, Medical and Sensory
<b>Band One</b> (≈ £1,000)	1:10/12 + TA	Hayfield, Clare Mount, Orrets Meadow			
<b>Band Two</b> (≈ £6,000)	1:8 +1.5 TA		Hayfield, Clare Mount, Orrets Meadow	Gilbrook	
<b>Band Three</b> (≈ £7,000)	1:6 + 2TAs	Stanley, Elleray, Lyndale, Foxfield, Meadowside			
<b>Band Four</b> (≈ £8,000)	1:6 +2TAs + medical support	Stanley, Elleray, Lyndale, Foxfield, Meadowside		Kilgarth, Observatory	
<b>Band Five</b> (≈ £16,000+)	1:6 + 2TAs + medical support	Stanley, Elleray, Lyndale, Foxfield, Meadowside	Stanley, Elleray, Lyndale, Foxfield, Meadowside		Stanley, Elleray, Lyndale, Foxfield, Meadowside

The majority of respondents to the consultation were accepting of the model overall and considered it a reasonable starting point for development. A few considered the five bands too simplistic and several made a case that the needs of some pupils were not sufficiently recognised financially in this settlement. A few commented that band five could be developed into two parts, one part being used to specifically recognise physical medical care needs alongside the educational need. One respondent argued for a school specific top-up significantly higher than the banding proposed because without it the school will not be financially viable next year.

The 5 band model will also be applied to the range of Resourced and Alternative Provision.

## 2.8 Inclusion Funding

All special schools currently receive additional inclusion funding, to promote the inclusion of their students into mainstream settings. Clare Mount Specialist Sports College has additional funding of £179,340 to provide sports outreach and this will be reduced by a third from April 2014. In constructing the budgets for special schools the Steering Group decided not to review the remaining inclusion funding of £757,874 at this time and proposed that it is subject to a later review.

## 2.9 Place Number Changes

**Elleray Park Special School** has been increasing in numbers over recent years and the increase in occupancy over place number has only partially been met by Top Up funding. It is proposed to increase its place number with the Education Funding Agency from 80 to 90 with effect from September 2014.

**Orrets Meadow School** currently has 66 places for pupils with statements of specific learning difficulties, historically six of which have been funded at a higher level. In recent years numbers attending the school have fallen and the surplus places have been used by a pilot scheme to admit pupils for one year only. Meanwhile the demand of places for children with social communication difficulties has increased and places are full. It is proposed to fund a further 10 places at a higher rate, at band 2, to meet the changes in demand and to reduce the band 1 places by a similar number. The additional funding required will be £50,000 and will be found from within the High Needs Block.

Current budget arrangements for **Hayfield School** are based on 80 MLD places and 40 Social Communication Difficulties (SCD) places. Changes in demand over recent years led the authority asking the school to increase SCD places to 56 and reduce the numbers of MLD pupils whilst keeping an overall budget based on 120. In future Hayfield will be funded to make 60 band 1 and 60 band 2 places. The additional top up required is £20,000

The number of students attending the **University Academy of Birkenhead (UAB)** Resourced Provision previously based at the former Rock Ferry High School has fallen and it is proposed to reduce the number of places by 10. In September there will be 24 pupils in a provision with 40 places. The UAB understands the reason for this proposal and suggests a further review of demand. In the interests of an orderly financial transition we will seek to reduce places by at least ten places a year over the next two years with further review of demand to follow.

The total numbers of students attending secondary resource bases for moderate learning difficulties has now reached a total of 85 at **Hilbre, Bebington, Wallasey, and Oldershaw**. It is proposed that no further increases are made.

Finally the number of pupils attending the Resourced Provision Hearing Base at **Townfield Primary School** has fallen. On the advice of the Head of Sensory Service it is proposed to reduce the number of places from 12 to 10.

No changes are proposed elsewhere at this time. Overall these changes will reduce by 2 the number of specialist SEN places in the age range of 2 to 16.

## 2.10 **Mainstream Notional SEN Budgets**

An analysis of the notional SEN budgets delegated to mainstream settings shows that in a very small number of primary and secondary schools their existing commitment to statements and funding agreements exceeds their notional delegated SEN budget. It is proposed that additional funding is made to a school where its contribution to element two exceeds 90% of its notional delegated SEN budget. The estimated cost is £140,000 pa.

This funding was agreed to be made from the High Needs Block. However since this is for low cost high incidence SEN it is proposed that this is funded from Primary and Secondary Contingency budgets instead.

## 2.11 **Post 16**

Providers were asked their views about developing a banded approach for funding FE and 6<sup>th</sup> form colleges. Currently additional support is based on the number of learners who will have costs above £6,000 and assessing the amount of 1:1 staff support needed and the hours required. A maximum contract value is calculated and providers are asked to work within this allocation. Colleges argued against the introduction of a banded system, indicating further consultation and development work is needed to agree a way forward for the future.

## 2.12 **Sensory Service**

Wirral's Sensory Service meets the needs of pupils with hearing and vision difficulties at all stages of the current SEN code of Practice. It has been successful in developing inclusive approaches. Currently the service is funded by a top slice of the DSG and individual needs of children are met by the service without mainstream schools using their delegated budgets to fund the five units or £6,000. This arrangement differs from those arrangements for meeting other needs e.g. Statements of SEN. The service model of delivery and funding will be reviewed for consistency with arrangements for meeting other low incidence -high needs.

## 2.13 **Future Work**

The bands for specialist provision do not demonstrate an obvious logic and show a tight clustering of bands two, three and four (£6,000, £7,000 and £8,000 respectively). Modelling of different amounts of money in each band produced much more significant variations.

Generally funding for high needs makes up a high proportion of DSG and is higher than the national average. Future funding decisions must seriously consider recycling money already existing in the High Needs Block. As part of a strategic review of SEN provision this means trying to educate more pupils in local provision and have fewer pupils educated out of the borough. It means reducing the numbers of pupils in the lower funded bands and for them to be educated in mainstream schools where this is possible. It is planned that:

- the SEN Forum Finance Group extends its current remit to develop needs led funding bands and also to consider changes in places and demand, with any future proposals for increases in top up funding to start from the assumption that the High Needs Block is fixed and that options for change must include options that recycle money;
- Service Level Agreements are developed with Resourced Base Provision, and for any outreach services that are commissioned, to ensure consistency of provision and services and quality assurance arrangements.

### **3.0 RELEVANT RISKS**

3.1 The DfE will shortly be consulting on a National Fair Funding Formula for Schools. Whilst this will not directly result in changes to the funding for High Needs, depending on the proposals there may be an impact on the overall affordability of High Needs within the Schools Budget if spending plans are limited to their Funding Blocks.

### **4.0 OTHER OPTIONS CONSIDERED**

4.1 The options considered by schools and in this report were agreed by the Schools Forum and take account of guidelines from the EFA

### **5.0 CONSULTATION**

5.1 All schools, academies, further education and specialist education providers were consulted on proposals. The consultation ran from 3<sup>rd</sup> July until 18<sup>th</sup> October. A second shorter consultation sought views from schools about the MFG.

5.2 In addition there have been a number of meetings with headteachers and representatives to discuss proposals.

### **6.0 IMPLICATIONS FOR VOLUNTARY COMMUNITY AND FAITH GROUPS**

6.1 The report has implications for the distribution of funding to maintained schools, academies, further education and specialist education providers.

## **7.0 RESOURCE IMPLICATIONS, FINANCIAL, IT, STAFFING AND ASSETS**

7.1 SEN Top Up Budgets within Wirral total £16.7m for 2013-14. Those budgets directly impacted by this report are:

Special Schools £6,048,200

Resourced Bases and Alternative Provision £756,800

WASP £387,600

They support 953 places in maintained special schools, 307 places in resource and alternative provision bases and 80 places in WASP.

In addition there are other budgets which are part of the overall £16.7m for Statements, Independent Schools, 6<sup>th</sup> Form and FE and the Home Tutor Service. The consultation also has some indirect impact in these areas.

With a fixed amount of funding, changes to the formula will result in some gaining additional resources, whilst others will have reductions. Transitional protection will be provided both in the form of a contingency fund to support specialist provision experiencing financial difficulties and a Minimum Funding Guarantee if required.

The impact of these changes had the new funding formula been in place in 2013-14 is shown in Appendix 2 and 3 attached.

## **8.0 LEGAL IMPLICATIONS**

8.1 Funding for High Needs pupils must adhere to the DfE requirements set out in the School and Early Years Finance (England) Regulations 2013.

## **9.0 EQUALITIES IMPLICATIONS**

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(a) Yes and impact review can be found via the following link:

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010-0>

## **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 There are none arising from this report.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 There are none arising from this report.

## 12.0 RECOMMENDATIONS

12.1 That Cabinet approves the recommendations of the Schools Forum in Appendix 1 with the following amendments:

- Notional SEN costs (LCHI) are funded from Schools Contingency
- The cost arising from a High Needs MFG is funded from an SEN underspend in 2013-14.
- The Special Schools Contingency is used to support specialist provision facing financial difficulties.

## 13.0 REASONS/S FOR RECOMMENDATIONS

13.1 For Cabinet to agree with Schools Forum recommendations resulting in changes to the distribution of High Needs School Funding

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## APPENDICES

## REFERENCE MATERIAL

## SUBJECT HISTORY (last 3 years)

Schools Forum	Date
Outcome of High Needs consultation	13 <sup>th</sup> November 2013
High Needs Options	3 <sup>rd</sup> July 2013
High Needs formula	23 <sup>rd</sup> January 2013

**Extract of Draft Minutes from Wirral Schools Forum Meeting held on 13<sup>th</sup> November 2013**

**12. Outcome of High Needs Consultation**

The recommendations in the report were agreed as detailed below:-

1. The timescales and arrangements for the consultation are accepted.
2. A developmental, staged approach to the high needs funding reforms is accepted.
3. The five band model outlined is adopted for special schools. A contingency fund is set aside from unallocated funds in the High Needs Block budget to financially support specialist SEN provision that may experience financial difficulties whilst future options are considered.
4. Termly payments of top-ups are to be made to special schools with the spring/summer top-up to be double the top-up of the autumn term for extra pupils unless agreed otherwise between the authority and school.
5. The inclusion money that all special schools receive totalling £757,874 should be subject to a review of what the money is for and how it is being used and with recommendations for future action.
6. The sports outreach funding received by Clare Mount is reduced by one-third in April 2014.
7. The Local Authority requests the EFA to increase the place number at Elleray Park from 80 to 90.
8. Orrets Meadow to be funded to make available 16 band 2 places. The additional top-up required of £80,000 to be funded from unallocated budget in the High Needs Block.
9. Hayfield to be funded to make 60 band 1 and 60 band 2 places. The top up required of £20,000 to be funded from unallocated budget High Needs Block.
- 9a. Funds are made available for Clare Mount School to offer 8 band 2 places a year, starting in September 2014 for the next 3 years, and reduce the number of band 1 places by the same number over that time. The top up required of £40,000 to be funded from unallocated budget in the High Needs Block.
10. The 5 band model is adopted for Resourced Provision in mainstream schools.
- 10a. Further changes to the continuum of provision for children with a Social Communication/Autistic Spectrum Condition already referred to in recommendations 8, 9 and 9a are to be considered by the policy review that is underway.
11. Top ups to resourced base provision will be made termly
12. Pupils should attend Speech and Language (SALT) bases full-time with an AWPU transfer continuing and the question about whether pupil should have a statement is re-considered in 12 months time.
13. The Local Authority requests the EFA to reduce the place number at UAB from 40 to 30 from September 2014.
14. The present place numbers at Hilbre (15), Bebington (25), Oldershaw (20) and Wallasey (30) resource provisions are now capped and no further growth on the basis of the model which developed them is to occur.
15. The Local Authority request the EFA to reduce the place number at Townfield Hearing Base from 12 to 10 from September 2014.
16. The SEN Forum Group lead the developments to consider developing the banded approach.
17. St Michaels and Riverside alternative provision to receive a pro rata payment of the full year AWPU as top up and WASP to continue with part payment of AWPU and a top up.

18. Funding agreements and statements of SEN in mainstream will be on the basis of a number of monetary units for additional support.
19. If a mainstream schools contribution to element two exceeds 90% of its notional delegated budget additional funding will be made from unallocated contingency in the High Needs Block.
20. The new element three funding will be paid from the beginning of the financial year for maintained schools and from the beginning of the academic year for academies.
21. Further consultation and development work is needed between FE and 6<sup>th</sup> form colleges in the region and the local authority to agree a way forward for the future.
22. The LA will continue to recoup monies until April 2014 and an offer of a recoupment service is to be developed as part of traded services.
23. The funding and delivery of this service should be reviewed by the local authority and stakeholders the end of the summer term 2014 with a report to Forum for the start of the next academic year.
- 24a. The Forum Finance group's remit is extended to lead on the development of funding bands.
- 24b. The principle of service level agreements with resourced base provisions is adopted.
- 24c. The Assessment Framework for High Needs SEN is reviewed and revised over the academic year.
- 24d. The views and comments of educating institutions in this report together with the agreed recommendations are referred to Cabinet.

During the consultation the EFA confirmed the requirement for an MFG for 2014-15. This was not part of the original consultation, but it will affect the move to a banded structure. Further information was provided to schools asking for comments on 3 options:-

- Option 1 – No MFG (requesting an exemption from EFA)
- Option 2 – An average MFG
- Option 3 – Apply MFG (no exemption)

Most responses support an exemption of the MFG. The following recommendation was agreed:-

That Forum supports an application to the EFA for an exemption from the requirement to use MFG (option 1) on top ups for 2014-15, and failing that Forum request the EFA agree the use of an average MFG (option 2).