

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet
2.	Date:	24th April, 2013
3.	Title:	0-25 High Needs Funding Block 2013/14
4.	Programme Area:	Children, Young People and Families Services

5. Summary:

5.1 The Department for Education's (DfE's) policy document '*School Funding Reform: Next steps to a fairer system*' (June 2012) announced that 2013-14 will see the first steps towards reforming the education funding system. The aim of these reforms is to create an education funding system that:

- Will be responsive to student needs;
- Funds all education institutions on an equivalent basis; and
- Brings together education funding for pre-16 and post-16 High Needs provision.

5.2 Chapter 3 of the School Funding Reform document sets out the plans for reforming High Needs (HNs) funding for students aged 0-25 in early years, schools, further education and the independent and private sectors – referred to as the 'place-plus' approach – it is the Government's intention that these new arrangements support the Special Education Needs (SEN) reforms outlined in the '*Support and Aspiration.*' Green Paper.

5.3 Consequently, the existing funding streams that support HN students will be brought together under a single HN Block within the Dedicated Schools Grant (DSG).

5.4 From April 2013, Local Authorities (LAs) will inherit the funding (c£19.2m) responsibility from the Education Funding Agency (EFA) to support learners with HN aged 0-25 years old. A condition by DfE on LAs in implementing these new arrangements is that they must treat those placed in mainstream and independent provision on a fair and equivalent basis.

5.5 Despite the measures below, there is an estimated c£500k 2013-14 financial year pressure on the HN block. The consequence of not addressing this will be a deficit into 2014-15, which will have implications on the affordability and sustainability of provision and services.

6. Recommendations:

- i) To note likely funding pressures on the LA in 2013-14.
- ii) To note progress and next steps to reduce these pressures in 2013-14 and the preparations for 2014-15.

7. Proposals and Details:

7.1 Current HNs funding decisions only apply to 2013/14 – the current estimated pressure of c£500k on the HNs Block is the indicative budget as of April 2013 based upon known commitments to date.

7.2 Based upon unit cost per student, Rotherham has the second lowest HNs allocation amongst statistical neighbours, whereas the unit cost per student allocated to the Schools Block is the highest. This represents a significant challenge to Rotherham to meet the needs of all its HNs students, especially as a key principle for 2013/14 is to maintain stability of provision and service to enable a comprehensive review of HNs funding arrangements from 2014/15 (review will report in autumn 2013).

7.3 HNs provision and services in Rotherham include:

- Special schools
- Alternative Provision (AP)/Pupil Referral Units (PRUs)
- Post 16 HNs provision in FE settings
- Centrally managed high needs provision, including Early Years (EYs) ASD Support, Visual Impairment (VI) Service and Hearing Impairment (HI) Service, Autism Communication Service, Portage Service, Learning Support Service (part funded) and Disability Team.
- Mainstream Attached Specialist Resource Units
- Education in Hospital provision
- Out of authority (OOA) placements
- Mainstream Exceptional Needs funding.

7.4 The LA has managed to significantly reduce the pressure on the HNs Funding Block for 2013/14 by:

- Funding 'planned' places rather than 'actual' places so as to manage any volatility resulting from increased costs of actual assessed need, in-year starters/leavers, etc.
- Funding per place that equates to current Moderate Learning Difficulties (MLD) and Severe Learning Difficulties (SLD) unit costs of c£14k and c£20k, respectively (which has a significant impact on PRUs).
- Identifying and agreeing provision/services where the nominal 1.5% transitional funding cut can apply.
- Offsetting additional post-16 HNs funding from the EFA within the HNs Block.
- Identifying immediate savings to the HNs Block – e.g. a current HI and VI Services shortfall on 2012/13 budget will be met within 2013/14 Service budget; HNs funding to the Disability Team for MIND services will cease from July 2013 with Revenue funding of £60k for 2013/14 only; and ceasing centrally held funding to fund tutors and Teaching Assistants for named children with Statements.

7.5 Work has commenced to put in place the following actions to reduce future pressures on the HNs funding block within budget:

- A HNs Steering Group has been established with external partners and will proceed immediately with a review of HNs funding arrangements of provision and services for 2014/15 – the Group will make its recommendations in autumn 2013.
- The Commissioning Unit will begin developing a commissioning framework setting out Rotherham's local offer, future banding costs of HNs to support decision-making processes, appeals process, contracting, etc.
- PRU and Finance colleagues preparing financial models for the future delivery of Alternative Provision based upon School Funding Reforms. In addition, Finance will work with PRU Heads to support them in preparing any deficit budget plans.
- CYPS and Transport colleagues working to agree a clear policy and rational on assessing learner need and level of service, including where/who funds SEN transport and Educated Other Than At School (EOTAS). Policy and approach must relate to revenue statutory transport provision and take account of the Equalities Act and current safeguarding concerns.

8. Finance:

8.1 See attached Funding Schedule (Appendix 1) for 2013/14 highlighting a HNs budget of £19.263m and a estimated pressure of c£500k , which does not include the additional risks and uncertainties set out below.

9. Risks and Uncertainties:

- a) If the pressures on the HNs budget are not resolved in the current financial year there would be a need to request that Schools Forum agree to allocate funding in year from either of the other funding blocks (EYs and Schools Blocks). If this is not possible any resulting deficit position will be carried forward to the 2014/15 financial year, thus reducing the funding available for next year.
- b) Increased pressures on the HNs Block as a result of student numbers, increased levels of need and adjustments in anticipated income.
- c) There will be pressures on individual provision and services as a result of the 1.5% cut and/or the per place funding calculation. As a result, HNs funding will be allocated on the understanding that individual providers and services manage their pressures accordingly and if necessary put in place deficit plans – which will impact on affordability and sustainability of provision and services in 2014/15.
- d) PRU expenditure for 2012/13 is c£2.3m, whereas current indicative affordable position from the HNs Block for 2013/14 is £1.748m based upon:
 - 120 fte places @ £8k per place (as per DfE funding reform guidance), plus Element 3 top up funding per student (based upon either £2k per student for a part time placement £6k per student for an average PRU placement or £12k for a full time placement for more complex needs – this banding is comparable with the banding used for Rotherham's Special Schools); and
 - Developing an affordable rationale that can be applied across all HNs provision and services 0-25 – in other words, the unit costs for young people leaving PRUs into post-16 learning would have to be sustained, especially for those young people with a S139a and/or attending independent specialist provision, specialist

provision in FE and non-standard provision, as these providers would legitimately be able to challenge the LA to match the additional support needs provided pre-16 to enable these young people to continue their full-time learning post-16. Obviously, the higher the unit cost contribution from the HNs Block (rather than Traded), the greater the financial demand from the post-16 sector, which will impact on the availability of funding pre-16. Currently the MLD/SLD unit cost rationale appears achievable to meet the demand from the post-16 sector.

- e) Pupil Referral Units are required to become academies from 1.4.18. Any residual deficit balance will need to be funded from the Local Authority Revenue Budget.

10. Policy and Performance Agenda Implications:

- a) Legislative requirements of the Children and Families Bill currently going through Parliament, which is due for enactment September 2014.
- b) Implications of the new funding reforms on Rotherham's maintained Special Schools, especially post-16 in terms of the curriculum offer and the new 'lagged' funding methodology based upon student numbers and learning hours.
- c) Future funding arrangements and delivery model of Alternative Provision/PRUs in Rotherham based upon the place plus funding model.
- d) The relationship between the LA and Schools Forum in managing the three funding blocks (Early Years, Schools and High Needs Block).
- e) These reforms support 'providing quality education; ensuring young people have opportunities to improve skills, learn and get a job', as set out in the Corporate Plan. They will also support improved outcomes for all Rotherham's children and young people and the performance agenda with regard to Ofsted judgements for schools and FE providers. Finally, the approach to implementing these reforms will reflect the way Rotherham does business in particular, talking and listening to all our customers and treating everyone fairly and with respect and reducing bureaucracy and getting better value for money.

11. Background Papers and Consultation:

- *Background Paper on Implementing the High Needs Reforms (April 2013)*
- *Children & Families Bill (Feb 2013)*
- *'School Funding Reform: Next steps to a fairer system' (June 2012)*
- *Support and Aspiration.' Green Paper*
- *Statutory Instruments 2991/2012 – The School and Early Years Finance Regulation*

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