

## HIGH NEEDS FUNDING REFORM

**Purpose of Report:** For information

**Background:** Forum members will be aware that under the new funding arrangements, the DSG will in future be allocated in three distinct funding blocks: the Schools Block, the High Needs Block and the Early Years Block.

- The Schools Block will fund mainstream schools' budgets plus the 4 budgets which will continue to be retained centrally i.e. School Admissions; Servicing of Schools Forums; Carbon Reduction Commitment, and Capital Expenditure from the Revenue Account (CERA).
- The High Needs Block, which will fund places in Special Schools, Specialist Units, Alternative Provision (Pupil Referral Units etc); and top up funding for High Needs pupils whose educational provision costs more than the basic entitlement plus £6,000.
- The Early Years Block will fund the Early Years Single Funding Formula, central services which provide support for Early Years pupils and, from 2013, early education places for disadvantaged two year olds.

The purpose of this paper is to provide an overview of the way in which funding for places in Special Schools, the Resourced Units and the Pupil Referral Units will be calculated from April 2013, as well as outlining the arrangements for allocating top-up funding.

### **Determination of Planned High Needs Places in 2013.**

During August, the authority was required to determine the number of High needs places which it planned to fund in the financial year 2013-14. The return which was submitted to the Education Funding Agency reported on the number of funded places in 2012-13 and the number of places which the authority planned to fund in 2013-14. Following discussions with the headteachers of the special schools and the Executive Head of the Pupil Referral Units, the following number of places was reported for each high needs institution:

<b>High Needs Provision</b>	<b>2012-13 Funded Places</b>	<b>2013-14 Planned Places</b>	
St George's School	165	160	Includes Post 16 students
Medina House	58	56	
Thompson House Tuition Centre	13	30	Includes 25 planned places for new BESD provision
Clatterford Tuition Centre	31	40	
Sandown Bay Academy	9.5	12	12 ASD places
Carisbrooke College	12	12	12 ASD places
Broadlea Primary	7	12	6 ASD + 6 SLCN places
Greenmount Primary	7	12	6 ASD + 6 SLCN places
Independent & Non-Maintained Special School pupils placed by this LA	23	33	Includes Post 16 students
	<u>325.5</u>	<u>367</u>	

This obviously represents an increased number of places from those funded in 2012-13 and discussions are ongoing with the EFA regarding the funding of the additional places because the High Needs Block for 2013-14 will be based on the total High Needs funding reported in the 2012-13 S251 Budget tables. If there is no allowance for growth in the 2013-14 High Needs Block budget allocation, the total allocated to the Schools Block may have to be reviewed and adjusted to reflect the number of pupils which will be transferred to the specialist units from mainstream schools. The High Needs Block will be adjusted to take account of top-up funding for Post 16 students up to the age of 25 as the responsibility for paying this to providers will transfer to the local authority. Element 1 and 2 funding for planned places in Academies will be deducted from the High Needs Block and funded directly by the EFA.

**2013-14 Budgets for Special Schools and Resourced Units:** Places in Special Schools and Resourced Units will be funded at £10,000 per place. This funding represents Element One, or core education funding which is based on the mainstream unit of per-pupil funding; plus Element Two or additional support funding which represent a clearly defined budget for providers to provide additional support for high needs pupils up to and agreed level. In addition to Elements one and two, High Need providers will be able to access Element 3 or “top-up” funding to meet the total cost of the education provision required by an individual high needs pupil, as based on the pupil’s assessed needs.

The starting point for the calculation of Special School and Resourced Provision in 2013-14 will be to review the 2012-13 budgets and determine the level of top-up funding which was implicit in these budgets. The determined number of places for 2013-14 will be multiplied by Element 1 and 2 funding i.e. £10,000 in order to calculate the base budget for each school/unit. Any historical funding for specialist provision which is specific to one particular institution e.g. funding for a hydrotherapy pool should be removed from the initial budget

calculation and included in the top-up funding for pupils who access this provision. Similarly, funding for outreach services will also be removed from the initial budget calculation and paid separately to the provider by the commissioner i.e. the local authority.

It is the intention of the government that in future years, top-up funding will follow the real-time movement of pupils and paid in stages to providers but in order to provide some transitional protection to High Needs providers, a negative 1.5% Minimum Funding Guarantee will operate for the 2013-14 financial year. This will mean total of Elements 1, 2 and 3 to be received by each provider will not be more than 1.5% below the funding received in 2012-13.

The authority has started work on preparing a banding system for the allocation of top-up funding and a short consultation on the proposals will be carried out towards the end of the year. Guidance will also be published detailing the level of support that mainstream and specialist institutions are expected to provide from within delegated budgets before applying for top-up funding which will be allocated according to each child's assessed level of need.

**2013-14 Budgets for Alternative Provision:** The High Needs block will also provide funding for Alternative Provision such as the Pupil Referral Units and the proposed BESD provision. Pupil Referral Units will receive delegated budgets in the same way as schools from 2013, and will be required to complete a Consistent Financial Reporting statement at the end of the 2013-14 financial year. They will also be required to complete a Schools Financial Value Statement in March 2014. Alternative Provision settings will also have the same carry forward rules for surplus/deficit balances as schools. Planned alternative provision places will be funded at the rate of £8,000 per place plus top-up funding which will follow pupils in real-time. The local authority will provide the top-up funding in respect of permanently excluded pupils, having removed funding from the maintained school, in accordance with the Education Funding regulations. For cases of Early Intervention or fixed term exclusions the school will be the commissioner and will therefore provide the top up funding.

Further details and indicative calculations of all High Needs budgets will be presented to the Forum for discussion at a future meeting.

Janet Giles  
Principal Officer Resources and Business Support  
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