

High Needs Block Funding Pressures

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It was all OK, we knew what we were doing...

Solihull current position.

- At the end of 2017-18, the HNB was overspent by £248,000, which has to be carried forward and funded from the HNB in 2018-19. Any 2018-19 overspend will have to be dealt with in 2019-20 HNB budget. There is no longer the opportunity to net off DSG under/overspends across the different blocks.
- End of 2016-17, the HNB was £142,000 o/s which was dealt with by rolling up whole DSG under/over spends.
- End of 2015-16 there was an underspend of £625,000 which was given to schools.
- As at 1 April 2008, we are predicting a £1.1m overspend on HNB + the £0.248 overspend b/fwd, giving a £1.35m total projected overspend.
- The budget for non-delegated SEN was £16.9m 2015-16, £17.1m 2016-17 and £18.1m 2017-18.

Changes in HNB 2018-19 from 2017-18

Changes to HNB 2018-19 from 2017-18	Change in Places	Additional Cost
Planned Changes		£000
Solihull Academy	69 (30/90)	469
Special Schools	18	450
ARPs (Autism ARPs)	12.3 (+21 from Sept)	250
		1,169
Originally planned to be funded by:		
Planned HNB underspend (level of u/s 2 yrs ago when this strategy agreed)		-800
Savings expected from AP/OoB/Additional grant		-369
		-1,169
Actual		
Savings identified within HNB / increase in grant		--932
Expected overspend on OoB Budget 4.35m, expected spend £4.90m)		+550
Increase in spend on mainstream top-ups		+313
		-69
Therefore:		
Savings required from AP/OoB		-1,100
Add overspend 2017-18 to be funded - £248k		-1,348

Out-borough placements at independent schools:

2015-16 budget £4,341k outturn £4,288k (-£53k)

2016-17 budget £4,341k outturn £4,322k (-£19k)

2017-18 budget £4,350k outturn £4,910k (+£560k)

2018-19 budget £3.8m, forecast out-turn £5.0m (+£1,200k)

Budget reduced to fund in-borough investments, but it is clear we won't achieve that.

Even worse if 2017-18 growth continues into 2018-19

Some Unit Cost Data (1)

Total No of Places	Total Per School	Ave cost per pupil - if full
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Solihull Specialist Provisions

			£	£
7005	Forest Oak School	173.17	2,151,116	12,422
7001	Hazel Oak School	160.08	2,055,426	12,840
7007	Merstone School	102.20	2,097,214	20,521
7009	Northern House	84.08	2,034,480	24,196
7002	Reynalds Cross School	112.53	2,454,117	21,808
1105	Aukland	30.00	768,000	25,600
1108	Solihull AP Free School	61.25	429,975	7,020
1104	Summerfield	64.00	1,308,928	20,452
1102	Triple Crown	32.00	706,048	22,064
		825.15	14,043,595	17,019

memo	Aukland - 20 pupils on roll	20	768,000	38,400
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Impact on travel budget:

Education Travel Assistance at May 2018

NUMBER OF CHILDREN WHO RECEIVE TRAVEL ASSISTANCE				In Borough			Out Borough		
Type of Travel Assistance	No of Pupils	Total Cost this month (Annualised)	Ave cost per Pupil	No of Pupils	Total Cost	Ave cost per pupil	No of Pupils	Total Cost	Ave cost per pupil
Bus Pass	721	522,617	725	689	480,801	698	32	41,816	1,307
Direct Payment - Mileage	95	202,565	2,132	71	111,691	1,573	24	90,875	3,786
Direct Payment - Bus Pass	26	7,521	289	12	3,570	298	14	3,951	282
Minibus	481	2,805,915	5,834	328	1,294,275	3,946	153	1,511,640	9,880
Total	1,323	3,538,618	2,675	1,100	1,890,336	1,718	223	1,648,282	7,391

Some Unit Cost Data (2)

Total No of Places	Total Per School	Ave cost per pupil - if full
	£	£

ARPs

Bishop Wilson Church Of England Primary School	6	75,991	12,665
Valley Primary	16	202,642	12,665
Dickens Heath ASD ARP	14	180,624	12,902
Windy Arbor ASD ARP	14	180,624	12,902
Yew Tree SMEH ARP	8	107,601	13,450
Alderbrook School MLD & SLCD ARP	25	275,129	11,042
Alderbrook ASD ARP	18	339,000	18,833
Langley School PD ARP	22	432,780	19,672
Langley School SpLD ARP	27	275,536	10,205
	150	2,069,927	13,807

Some Unit Cost Data (3)

Total No of Places	Total Per School	Ave cost per pupil - if full
	£	£

Mainstream School Bands - Primary at May 2018

1o	29	0	0
2a	43	109,650	2,550
2b	87	439,350	5,050
2c	57	487,350	8,550
2d	7	101,850	14,550
	223	1,138,200	5,104

Mainstream School Bands - Secondary at May 2018

1o	97	0	0
2a	57	145,350	2,550
2b	59	297,950	5,050
2c	12	102,600	8,550
2d	0	0	14,550
	225	545,900	2,426

Colleges - post-16	68	1,062,069	15,619
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Independent schools	150	4,463,706	29,758
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OLA maintained and special schools	115		
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Some things to think about – Specialist settings:

- Solihull PRUs are relatively expensive provision, on a par with special schools..
- The Solihull Academy has been commissioned as new provision with a £17,000 per pupil budget agreed in advance; £17,000 believed to be a “typical” cost for AP.
- For 3 years the ESFA fund the £10,000 per place cost at the Academy. The LA agreed to fund the £7,000 top-up cost for 3 years to guarantee the establishment of the school. Over the next two years secondary heads and the school will need to agree a revised funding/commissioning model.
- ARPS appear to offer good value. Alderbrook ASD ARP and Langley PD ARP budget funded on a relatively high staffing ration compared to other ARPs.
- The average cost of independent school placements is significantly higher than any in-borough provision. (1 place out of borough=2 places in borough)
- The LA needs to monitor the implementation of the new banding framework and it’s consistent application across settings.
- Any new investments in provisions will have to be based on a business case of “spend to save” to fund the place and top-up values. This is likely to require a demonstration that out-borough placement can be reduced.

Some things to think about - Mainstream:

- There are a significant number of EHCPs 29 primary, 97 secondary at a level below which mainstream schools attract top-up funding.
- The LA could review criteria for assessing and agreeing to produce an EHCP. There is an unexpectedly high figure of Band 2c in primary. This has increased by 55% in 1 year.
- The cost in primary has increased by 20% in a year, by £190,000, entirely due to the increase in Band 2c detailed above. Band 2c is for “full full-time” support. It is inconceivable that the profile of need has shifted so dramatically in a single year. The use of Band 2c needs to be re-clarified urgently; the LA could consider an “audit” of current EHCPs and review its processes for agreeing a band value.
- In Secondary, there are 15 fewer pupils with EHCPs, but the cost has increased by £122,000.
- This is due to significant increase in the number of band 2b. Again it is inconceivable the profile has need has changed in just a year; the application of the banding framework should be reviewed urgently.
- There are now no higher banded pupils in secondary schools, and the number of MLD pupils has decreased by 12, yet demand for MLD in special schools is increasing. This may provide clues into issues of inclusion in Solihull secondary schools.

So what are we going to have to do? – expect to hear more about

- This is another dimension of Ann's commissioning strategy
- Careful consideration of Inclusion in mainstream schools
- How funding mechanisms may incentivise inclusion
- Identifying and utilising capacity in existing schools for enhanced provisions
- To review cost effectiveness of existing provisions
- How our processes may be driving demand / placements in higher cost placements, in particular, our criteria to decide whether to initiate an EHCP, our application of the banding framework to each EHCP, our consideration and treatment of parental choice, our consideration and treatment of a schools' ability to meet need; and how these are shaped by the availability of specialist places within Borough.
- How the workforce can be better equipped to be comfortable with a wide range of additional needs, in particular – Autism, Speech and Language, SEMH.
- Explore investments in support services that can directly support avoidance of more expensive placements.
- Smarter commissioning of places – both the development of a commissioning strategy and exploring scope for more formal contracting with providers

Funding for schools with exceptionally high levels of EHCPs

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What is the issue?

- The DfE recognise that some schools may experience abnormally high levels of pupils with EHCPs, whereby the normal funding arrangements do not work adequately for these schools.
- There may be some mainstream schools where the notional SEN budget does not adequately reflect the number or needs of SEN pupils in the school.
- This may happen particularly where a school develops a good reputation for SEN and attracts many SEN pupils. The Local authority has flexibility under the new funding arrangements to take account of the impact on mainstream schools of exceptional levels of children with SEN and is permitted to make arrangements to ensure fair funding for such schools. Funding is from the High Needs Block. Under the NFF, a funding factor from the Schools Block is not permitted.
- In Solihull the current mechanism ensures that every school has sufficient notional SEN budget to meet the cost of school commitments to pupils with EHCPs on roll. This mechanism calculates the difference between the notional SEN budget and the actual cost to the school of their required contribution. If this is negative, the mechanism tops up so the difference is zero.

What have schools been saying:

- Schools with unusually high numbers of EHCP pupils have made the point that the high numbers make an excessive demand on the notional SEN budget that has two unfair effects:
- The notional SEN budget can be completely exhausted which means the school has to draw on other funds to meet statutory obligations.
- Even where the SEN budget is not exhausted it is unfair that schools with fewer EHCP pupils have considerably more notional SEN budget available to spend on other pupils compared to other schools.
- A further issue has been raised recently, in respect of the deployment of new ARPs. The issue is that where a school has unusually high levels of EHCPs and where the school agrees to host an ARP, there is a significant increase in requirement for SENCO which is not recognised in the ARP or any other High Needs funding.

What options have been considered and what is the evidence telling us about them?

- We accept the current mechanism does not do enough to compensate schools with exceptional levels of EHCPs
- The sector average of notional SEN budget after deduction of school cost (the £6,000) of EHCPs is 68% primary, 65% secondary.
- A number of alternatives have been considered. For example the LA considers paying £6,000 in respect of pupils beyond a threshold. However modelling showed that funding would go to schools that had a considerable notional SEN budget remaining. In other words, some schools with high levels of SEND would receive this additional funding when in fact their profile, reflected in the notional SEN budget, would expect them to have above average levels.
- I have also surveyed LAs across the Midlands, to research what range of options might be available.
- Undertaken modelling across every Solihull school

Recommending preferred option:

Taking all this into account, the proposed solution is:

- To modify the existing protection, whereby the LA tops up the notional SEN budget so that it cannot be in deficit – to extend this so that where a school has an exceptionally high number of EHCP pupils, **then the LA will top-up the notional SEN budget so it is not less than 40% of the notional SEN budget after deducting the school cost of EHCPs.** The adjustment would be calculated termly as the number of EHCPs can fluctuate during the year. **Exceptionally high SEN is defined as greater than 1.5 times the sector average of all schools.**
- The cost would be £102,000 which is comparable to the 2017-18 level of protection. On current numbers as at May 2018: **9 primary schools would receive the proposed protection funding.**
- There is a case for the percentage to be higher, for example almost no schools with average levels of SEN have less than 45% of their notional budget remaining, but this would increase the cost to £150,000 which is beyond current available funding.
- I am also proposing to provide from the HNB a 50% funding enhancement to the funding a school receives within the normal AWPU for a SENCO. The rule would be a 50% enhancement to notional SENCO funding where school has exceptionally high SEN (greater than 1.5x sector average) **and** an ARP.