

<b>MEETING</b>	<b>SCHOOLS FORUM</b>
<b>DATE:</b>	<b>12 MARCH 2013</b>
<b>TITLE OF REPORT:</b>	<b>REPORT OF THE BUDGET WORKING GROUP</b>
<b>REPORT BY:</b>	<b>GOVERNANCE SERVICES</b>

## 1. Classification

Open

## 2. Key Decision

This is not an executive decision.

## 3. Wards Affected

County-wide

## 4. Purpose

To consider the report of the Budget Working Group (BWG) on the following matters: options for Special School top up funding values 2013/14; Pupil Referral Unit Top-Up Funding values and extra delegation to High Schools; SEN Protection Scheme – annual (fixed) or termly (variable) calculation; and high needs top-ups for academies.

## 5. Recommendation(s)

**THAT: the Cabinet Member (Education and Infrastructure) be recommended that**

- (a) **Special School top up values for 2013/14 should be allocated on the basis of individual top-ups determined on a school by school basis as follows;**

<b>Blackmarston</b>	<b>Standard</b>	<b>£8,725</b>	<b>Enhanced</b>	<b>£15,660</b>
<b>Barrs Court</b>	<b>Standard</b>	<b>£6,000</b>	<b>Enhanced</b>	<b>£12,935</b>
<b>Brookfield</b>	<b>Standard</b>	<b>£7,265</b>	<b>Enhanced</b>	<b>£14,200</b>
<b>Westfield (Primary)</b>	<b>Standard</b>	<b>£11,850</b>	<b>Enhanced</b>	<b>£18,785</b>
<b>Westfield (Secondary)</b>	<b>Standard</b>	<b>£9,125</b>	<b>Enhanced</b>	<b>£16,060</b>

- (b) **in relation to Pupil Referral Unit top up funding values:**

- i. **the adoption of the Herefordshire model (Model 2) for PRU top-up charges is approved whereby the full top-up value is split into two parts of £4,325 so that schools and the local authority contribute equally;**

- ii. **the full top-up value for 16 long stay PRU pupils is retained so that high schools only meet the 1<sup>st</sup> year cost;**
  - iii. **Fees for permanent places (whether through exclusion or otherwise) are fixed at £4,325 irrespective of date of PRU transfer;**
  - iv. **Intervention charges are pro-rata of £4,325 on a daily basis;**
  - v. **The Managed Moves Panel is required to fund PRU top ups for placements on the same basis as schools;**
  - vi. **a buffer of £129,750 (equivalent to 15 top-ups of £4,325) is retained to cover the identified risks for 2013/14 initially – to be reviewed for 2014/15;**
  - vii. **£198,950 is allocated to high schools from the High Needs Block via a formula based on 1/3 pupil numbers, 1/3 Low Prior Attainment and 1/3 Ever-6 Free school Meals;**
  - viii. **the Forum considers updated proposals for Primary School Intervention Places; and**
  - ix. **a briefing note on the agreed top up funding arrangements be circulated to all schools;**
- (c) **the SEN protection scheme should be recalculated termly on a pro-rata basis to reflect the changes in high needs pupils throughout the year; and**
- (d) **in relation to high needs top ups for academies, Option 1 be supported: delegate 5/12<sup>th</sup> of the newly delegated SEN funding to academies to achieve consistent funding for all schools and pay the new Band 3 (£1,350) and Band 4 (£5,500) top-ups to all schools.**

## **6. Key Points Summary**

- Two options for Special School top up funding values were presented to the BWG: option 1- common top ups for all schools and option 2 - a top up value for each individual school. A top up by individual school is recommended.
- In October 2012 the Forum agreed to the continuation of a Herefordshire model for funding PRU placements. The PRU top-up funding arrangements for permanent and short stay placements are proposed for approval. In addition a proposal for Primary School intervention places needs to be agreed by Forum as requested by the BWG. The primary proposal will be presented to the Forum at the meeting.
- Two Options are considered for the SEN protection scheme: determining a one off fixed protection at the start of the financial year (based on high needs pupils at end of February 2013); or a recalculation termly on a pro-rata basis to reflect the changes in high need pupils throughout the year are presented. A termly recalculation is recommended.
- The funding of High Needs Top ups for academies for the first five months of the financial year is considered, noting that as Academies are funded on an academic year basis they

will not receive the new national funding formula until September 2013. The BWG is in agreement with the proposal to delegate 5/12<sup>th</sup> of the newly delegated SEN funding to academies to achieve consistent funding for all schools and pay the new Band 3 (£1,350) and Band 4 (£5,500) top-ups to all schools. This is largely an administrative issue relevant to academies only with no impact on the funding for non-academies.

- The BWG has agreed to set up a high needs working group to develop proposals for the high needs “multi-tariff” for consultation in autumn 2013 and for submission to the Schools Forum.

## **7. Alternative Options**

- 7.1 There are a range of alternative options which have been considered by the BWG. The principal alternatives are described in the report.

## **8. Reasons for Recommendations**

- 8.1 The proposals are necessary in order to finalise the high needs budget and outstanding top-up charges for 2013/14.

## **9. Introduction and Background**

- 9.1 The BWG met on 14 February 2013 to consider proposals for the “Top up” funding tariffs for the High Needs Block 2013/14. Specific consideration was given to the following matters: options for Special School top up funding values 2013/14; Pupil Referral Unit Top-Up Funding values and extra delegation to High Schools; SEN Protection Scheme – annual (fixed) or termly (variable) calculation; and high needs top-ups for academies.

- 9.2 The BWG also agreed to set up a high needs working group to develop proposals for consultation in autumn 2013 and for submission to the Schools Forum. It also noted receipt of the DfE consultation paper: Review of 2013-14 School Funding Arrangements. A report on the consultation paper appears elsewhere on this agenda.

- 9.3 A copy of the Notes of the BWG’s meeting are being circulated separately to Members of the Forum.

## **10. Key Considerations**

### **Special School Top up Funding Values**

- 10.1 In October 2012 the Schools Forum agreed in relation to special school funding that as an interim measure in 2013/14, the funding of special schools be on the principle of “maintaining budget stability” by determining the top-up funding according to the existing tariff of standard and enhanced pupil needs for the agreed number of commissioned places. It was also agreed that additional places in excess of the agreed number of places if needed, would be funded at marginal cost as determined by the school’s ability to meet the needs of the pupil.

- 10.2 Further work has now been undertaken. Two options for Special School top up funding values were presented to the BWG: option 1: a common top-up for all schools whereby standard top-ups would be applied to all special schools for standard and enhanced places with an additional supplement for Brookfield and Westfield schools; and option 2: a top up for each individual school whereby a specific and different top-up value was calculated by each school separately.

- 10.3 The working paper presented to the BWG is attached at Appendix 1.

- 10.4 Option 1 provides a common top-up for all special schools (subject to supplements) but there is a wide disparity between Standard and Enhanced top-up values. It may encourage more requests for enhanced funding and be difficult to explain to schools and other authorities. It does not exactly match existing budgets.
- 10.5 Option 2 provides a set top-up for primary age and a set rate for secondary age. It provides a realistic differential between standard and enhanced needs that provides a building block for multi tariffs in April 2014. It still requires a small school subsidy which has been included within the top-up values for Westfield special school.
- 10.6 It was proposed to the BWG that option 2 was preferable because it maintained budget stability and preserved special school budgets at their current levels pending work to develop multi-tariffs for introduction in 2014/15.
- 10.7 Special School Headteachers had met on 11 February and all preferred option 2.
- 10.8 The proposals are an interim measure, pending further work with a view to a consultation exercise in the Autumn and the implementation of new funding arrangements in April or September 2014.

**AGREED TO RECOMMEND TO THE SCHOOLS FORUM THAT: Special School top up values for 2013/14 should be allocated on the basis of individual top-ups determined on a school by school basis as follows:**

<b>Blackmarston</b>	<b>Standard</b>	<b>£8,725</b>	<b>Enhanced</b>	<b>£15,660</b>
<b>Barrs Court</b>	<b>Standard</b>	<b>£6,000</b>	<b>Enhanced</b>	<b>£12,935</b>
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**Pupil Referral Unit Top-up funding values and extra delegation to high schools**

- 11.1 In October 2012 the Forum agreed to the continuation of a Herefordshire model (model 2) for funding PRU placements. This was in preference to the DfE Standard model under which schools pay the full cost of the intervention places at £8,650 for the entire time that the pupil attends, with permanent exclusions covered fully by the DSG. The Herefordshire Association of Secondary Headteachers (HASH) supported the Herefordshire model.
- 11.2 Under the Herefordshire model schools pay half the cost of intervention and permanent exclusion. The proposal limits the schools' contribution to the first year placement only with funding being held centrally in the high needs block to meet the cost of the second and additional years as agreed with HASH.
- 11.3 Advantages of this approach are based on existing Herefordshire principle that seems to have brought down Permanent Exclusions (PEX) and allows funding in school for intervention to prevent Permanent Exclusions.

**Summary - Proposed Top-up values**

Intervention Cost - £4325 pro rata – per day

Permanent place cost - £4325 single fixed one-off payment

The Permanent place cost is regardless of whether PEX or otherwise (not available before Y9 because KS3 is short stay and hence pupil returns to school unless PEX). Top-up

charges to apply at any time of the year.

11.4 Financial risk to the PRUs is reduced as the schools only fund half the top-up cost and the other half is funded from the retained HNB. Advantage for initial year.

11.5 During the financial year 2010/11 there were 16 pupils in PRUs who stayed for a 2<sup>nd</sup> or subsequent year (however there were 27 pupils in 2009/10). Sufficient funding must be retained in the High Needs Block hence 16 pupils x £4,325 for the 2<sup>nd</sup> year costs so that schools will not have to fund the 2<sup>nd</sup> year PRU costs and so this funding is not available to delegate to schools.

11.6 On this basis the PRU budget will be as follows;

80 commissioned places at £8,000 each	£640,000
(to be paid direct from HNB to PRUs)	
Expected PRU occupancy at 65 pupils at £8,650	£562,250
Hence same total PRU planned budget as 2012/13	£1,202,250

11.7 The 65 top-ups at £8,650i.e. £562,250 will be allocated as follows:

65 top ups at £4,325 (50%) retained in High Needs Block	£281,125
16 x 2 <sup>nd</sup> year pupils at £4,325	£69,200
3 x Non school top-ups at £4,325 *	£12,975
<b>Balance to delegate to high schools</b>	<b>£198,950</b>

\*Note: The Managed Moves Budget of £62,800 will be required to match fund the £4,325 top up cost for non-Herefordshire school pupils placed into PRUs.

### Risks

11.8 There are significant risks attached to the PRU funding proposals as follows;

- more pupils placed in PRUs than expected (i.e. higher than expected top-up costs)
- fewer pupils placed (i.e. shortfall in PRU budgets)
- pupils placed for longer (i.e. more 2<sup>nd</sup> year costs on HNB)
- more or less non-school PRU placements.

11.9 To provide cover for these risks a buffer will be retained of 15 pupil top-ups at £8,650 i.e. £129,750 which will be kept back in reserve to meet above risks.

11.10 PRU placements for financial year 2011-12 – for comparison are

School	Intervention places	Permanent Exclusion	Total	Places Funded by High Needs delegation
Aylestone High School	1	2	3	3.6
Earl Mortimer School	6	1	7	3.9
Fairfield High School	1	0	1	2.0
John Kyrle High School and Sixth Form	8	0	8	5.6
John Masefield High School	2	0	2	3.4
Kingstone High School	3	1	4	3.1
Lady Hawkins High School	2	0	2	1.8
Queen Elizabeth High School	1	1	2	2.1
St Mary's Catholic High School	0	3	3	2.7
Bishops	3	1	4	4.9
The Hereford Academy	5	6	11	4.7
Weobley High School	1	0	1	3.0
Whitecross High School	6	2	8	4.5
Schools Total	39	17	56	45.3
Not attributable LA	7	1	8	
Total	46	18	64	

- 11.11 It was acknowledged to the BWG that whilst considerable efforts had been made to try to ensure that the funding model, although complicated, would work in practice, if that did not prove to be the case the matter would be revisited.
- 11.12 The BWG supported the provision in the High Needs Block of a funding buffer of £129,750 (the equivalent of 15 pupil top-ups) to be kept in reserve to meet the risks identified in the report. However, it was requested that consideration be given to how any underspend would be allocated if it materialised. It was suggested that the principles the Schools Forum had previously agreed should govern the use of underspends.
- 11.13 The BWG has also highlighted the importance of ensuring that all schools are briefed on the proposals and the funding implications and of keeping the impact of the proposals needed to be kept under review
- 11.14 It was suggested that there was an anomaly in the proposal as there appeared to be no additional devolved funding available under the proposal for Primary School Intervention places and that the proposed top-up value of £2,095 may be set too high. It was suggested that some 8 intervention places were involved and the sums were therefore small. The Senior Finance Manager agreed to review the proposals for Primary School intervention places and report the findings to the Forum. These proposals will be made available at the meeting.

**AGREED TO RECOMMEND TO THE SCHOOLS FORUM THAT:**

- i. the adoption of the Herefordshire model (Model 2) for PRU top-up charges is approved whereby the full top-up value is split into two parts of £4,325 so that schools and the local authority contribute equally;
- ii. the full top-up value for 16 long stay PRU pupils is retained so that high schools only meet the 1<sup>st</sup> year cost;
- iii. Fees for permanent places (whether through exclusion or otherwise) are fixed at £4,325 irrespective of date of PRU transfer;
- iv. Intervention charges are pro-rata of £4,325 on a daily basis;
- v. The Managed Moves Panel is required to fund PRU top ups for placements on the same basis as schools;
- vi. a buffer of £129,750 (equivalent to 15 top-ups of £4,325) is retained to cover the identified risks for 2013/14 initially – to be reviewed for 2014/15;
- vii. £198,950 is allocated to high schools from the High Needs Block via a formula based on 1/3 pupil numbers, 1/3 Low Prior Attainment and 1/3 Ever-6 Free school Meals;
- viii. the Forum considers updated proposals for Primary School Intervention Places; and
- ix a briefing note on the agreed top up funding arrangements be circulated to all schools.

#### **SEN Protection Scheme - An Annual (fixed) or termly (variable) calculation**

- 12.1. The BWG considered whether the SEN protection scheme – which is based on capping the number of £6,000 high needs provisions by £60 x the number on roll – should be determined a one off fixed protection at the start of the financial year (based on high needs pupils at end of February 2013) or should be recalculated termly on a pro-rata basis to reflect the changes in high needs pupils throughout the year e.g. year 6 pupils moving on in September.
- 12.2 Whilst it is fairer and more accurate to recalculate termly a fixed annual protection allows schools to budget at the start of the year.
- 12.3 The BWG's view was that a termly calculation would be more consistent with the Schools Forum's stance that funding should follow the child.

**AGREED TO RECOMMEND TO THE SCHOOLS FORUM THAT: the SEN protection scheme should be recalculated termly on a pro-rata basis to reflect the changes in high needs pupils throughout the year.**

#### **High Needs Top Ups For Academies**

- 13.1 The BWG was asked to consider how to fund High Needs Top ups for academies for the first five months of the financial year, noting that as Academies are funded on an academic year basis they would not receive the new national funding formula until September 2013.

The options were either (option1) to allocate the newly delegated SEN funding to academies for the summer term and implement the new top ups of Band 3 £1,350 and Band 4 £5,500 for all schools from April 2013 or alternatively (option 2) to use the available funding to continue to pay the old banded funding rates until September 2013 bearing in mind that not all academies would receive any extra funding as it was already fully delegated.

- 13.2 The BWG was assured that this was largely an administrative issue relevant to academies only with no impact on the funding for non-academies. If the preferred option were accepted this would lead to a small gain to High School academies relative to Primary School Academies. The BWG noted that the total sum involved was £22k and the impact was therefore minimal. On balance, the BWG considered it beneficial that all schools would receive the same payments for Banded funding as it simplified the administrative arrangements and was also equitable to all schools.

**AGREED TO RECOMMEND TO THE SCHOOLS FORUM THAT: Option 1 be supported: delegate 5/12<sup>th</sup> of the newly delegated SEN funding to academies to achieve consistent funding for all schools and pay the new Band 3 (£1,350) and Band 4 (£5,500) top-ups to all schools.**

## **14. Community Impact**

- 14.1 There is no significant community impact.

## **15. Equality and Human Rights**

- 15.1 There are no implications for the public sector equality duty.

## **16. Financial Implications**

- 16.1 The proposals within this report can be financed from within existing budgets.

## **17. Legal Implications**

- 17.1 There are no legal implications.

## **18. Risk Management**

- 18.1 There are no significant risks associated with the proposals in this report.

## **19. Consultees**

- 19.1 Special School Headteachers

## **20 Appendices**

Appendix 1 – Summary of High Needs Top Up Values 2013/14

## **21. Background Papers**

- 21.1 None identified.