

DERBYSHIRE COUNTY COUNCIL

CABINET

15 March 2018

Report of the Strategic Director for Children's Services

HIGH NEEDS BLOCK BUDGETS 2018-19
(YOUNG PEOPLE)

1. **Purpose of the Report**

To seek approval to the High Needs Block (HNB) funded budgets within the Dedicated Schools Grant (DSG) for 2018-19.

2. **Information and Analysis**

2.1 **High Needs Block Formula**

The High Needs Block (HNB) settlement for 2018-19 was announced by the DfE on 19 December 2017, Derbyshire's allocation is set out in Table 1 below.

Table 1 – Summary of High Needs Block allocation 2018-19

Indicator	Multiplier (£)	Count	Total (£m)
Population aged 2-18	116.91	145,476	17.008
Health & Disability – No. children with bad health	3,033.68	670	2.033
Health & Disability – No. children claiming DLA	530.41	5,020	2.663
Deprivation – Free school meals (current)	236.94	13,533	3.207
Deprivation – Income Deprivation Affecting Children Index (IDACI) Band F	33.79	15,368	0.519
Deprivation – IDACI Band E	44.04	7,654	0.337
Deprivation – IDACI Band D	60.13	8,815	0.530
Deprivation – IDACI Band C	64.28	8,208	0.528
Deprivation – IDACI Band B	70.46	8,138	0.573
Deprivation – IDACI Band A	95.82	758	0.073
Low Attainment @ KS2	1,589.16	1,478	2.349
Low Attainment @ KS4	1,317.14	2,124	2.798
Historic spend	-	-	33.025
Funding floor	-	-	0.628
Hospital Education	-	-	0.050
Basic entitlement - no. pupils in spec schools/post-16	4,000.00	944	3.776
Sub-total before import/export adjustment			70.097
Import/export adjustment	6,000.00	-241	-1.446
Total High Needs Block			68.651

The 2018-19 allocation compares with an equivalent figure for 2017-18 of £68.355m, a 0.43% increase. Derbyshire's HNB increase is modest due to the application of an import/export adjustment to reflect the movement of pupils between LAs. In order to fund the receiving ("importing") authorities, Derbyshire's 2018-19 HNB has been reduced by £6,000 per "exported" student, offset by £6,000 per "imported" student, resulting in an overall reduction of £1.446m.

The other technical change is that from 2018-19, pupils in Enhanced Resource school provision will attract the relevant pupil funding via the Schools Block National Funding Formula. HNB places funding will fall from £10,000 to £6,000 as a result, unless the place is unfilled in which case £10,000 remains the funding rate. ERS top-up rates will be adjusted accordingly so that there is no net impact on individual schools. In order to fund the extra pressure on the Schools Block, there has been a national transfer of resources of £91m from the HNB.

Derbyshire's HNB is already under pressure. The November 2017-18 budget monitoring indicates a HNB overspend this year of £0.856m. In addition to this overspend, it is likely that pay awards for 2018-19 could be agreed at around 2%, a level for which there is no specific provision in the settlement.

The above pressures, together with the modest year-on-year increase in resources, means that difficult decisions will need to be taken in respect of HNB-funded services next year.

2.2 Initial review of budget proposals for 2018-19

Spending within the HNB can be categorised as follows:

- (i) Place funding – this covers two types. The first is pre and post-16 SEN places in academies and post-16 places in LA maintained mainstream schools and special schools, college places and post-16 Charitable and Commercial Providers (CCPs). These are all funded by the ESFA by deducting monies from the LA's gross HNB. The second type covers LA pre-16 places in special schools, Enhanced Resource provision in LA maintained schools and Pupil Referral Units.
- (ii) Top-up funding – these sums, which are over and above the place values, are paid to providers by the LA for the children and students for whom the LA is the "home" Authority. Top-up rates vary depending on the type of institution and the individual child's needs that are being met.
- (iii) Services and other centrally-held budgets – in addition to the monies delegated to providers, funding is held centrally to enable some services to be free to schools and academies at the point of delivery. The central budgets also fund a range of other costs including contingencies, contributions to LA-funded services e.g. education psychology services, contributions to high cost (complex) placements and some limited transport costs.

2.2.1 ESFA funded and LA school and academy places

Work has been ongoing for several weeks with providers to establish the number of places required. As a result of this work, the places which the LA currently expects to fund are shown in Appendix 1 – the total cost is estimated to be £14.391m.

2.2.2 Top-ups

Details of the 2017-18 top-up rates and proposed budgets for 2018-19 are set out in Appendices 2 and 3 respectively. The budget requirements for 2018-19 have been based on expected levels of activity applied to 2017-18 rates. Top-ups are estimated to cost £37.637m in 2018-19.

2.2.3 Services and other centrally-held budgets

The HNB funds a range of services, the proposed allocations for which are set out in Appendix 4. The allocations would represent a real terms cut as no allowance has been included for inflation. In addition, the contingency fund has been reduced by 50% thus reflecting the considerable increase in low prior attainment funding in mainstream schools' budgets. The total cost of centrally-held budgets would be £17.350m.

2.3 Summary of allocations

The total value of the allocations in section 2.2 are summarised in Table 2.

Table 2 – Summary of allocations at this point

Budget	£m
Places (Appendix 1)	14.391
Top-ups (Appendix 3)	37.637
Centrally-held budgets (Appendix 4)	17.350
Total budgets	69.378
HNB allocation	68.651
Shortfall	0.727

2.4 Further issues

Based on the current projections, the HNB will be overcommitted in 2018-19. This shortfall can be funded on a one-off basis from DSG cash reserves. The latest estimate is that the Authority has around £3.600m of DSG balances of which £0.491m is proposed to be used to support early help budgets in 2018-19. Funding the expected HNB shortfall would reduce the uncommitted balance to £2.382m.

Given this projected level of balances, the support from reserves would only be affordable for one year. From 2019-20 onwards costs would need to be kept within the HNB funding envelope. The options available to the Authority to achieve this include:

- Reducing centrally-funded costs, including any recommendations from the SEN strategic review which the LA is commissioning;
- Recovering some or all of the costs of specific services by trading or other measures; and
- Seeking approval to transfer funding from the Schools Block.

Work is ongoing with the Schools Forum and other stakeholders to identify proposals to balance the HNB in 2019-20 and beyond.

2.5 **PRU/special schools de-delegation of funding**

Resources to cover the costs of redundancies and services previously funded by the Education Services Grant (ESG) have been top-sliced from mainstream schools' budgets. With regard to the equivalent services for special schools and PRUs, decisions on whether or not to top-slice funding are a matter for the special school and PRU sector representatives on the Forum. The proposed top-slice rates for 2018-19 are set out in Table 3 below:

Table 3 – Top-slice charges for Special Schools and PRUs 2018-19

Sector/multiplier	Pre-16 Places	Per Pre-16 Place		Total
		Redundancy	Other former ESG Services	
Multiplier		£37.23	£20.00	£57.23
Special schools	761	£28,332	£15,220	£43,552
Multiplier		£32.85	£20.00	£52.85
PRUs	272	£8,935	£5,440	£14,375
Total		£37,267	£20,660	£57,927

At the meeting of the Schools Forum on 8 February 2018, the special school and PRU representatives agreed that funding should be top-sliced for their sectors for 2018-19. The decision to accept responsibility for costs funded from top-sliced resources is a matter for Cabinet. It is recommended that Cabinet agrees to the Forum's requests for 2018-19 in respect of special schools and PRUs.

3. **Other Considerations**

In preparing this report, the relevance of the following factors has been considered: - prevention of crime & disorder, equality of opportunity, and environmental, health, social value, human rights, human resources, property and transport considerations.

4. **Background Papers** - Files held within Children's Services Finance.

5. **Key Decision** - Yes

6. **Call-in** - Is it required that the call-in period be waived in respect of the decisions being proposed within this report? No.

7. **Officer's Recommendations** That Cabinet:

- 7.1 Notes the 2018-19 High Needs settlement announced by the DfE;
- 7.2. Agrees to fund the High Needs Budgets as set out in Appendices 1, 3 and 4;
- 7.3. Agrees to maintain top-up rates at the same level as 2017-18;
- 7.4. Agrees to the request from the Schools Forum to de-delegate and top-slice funding from special schools and PRUs' 2018-19 budgets as set out in section 2.5; and
- 7.5. Agrees to underwrite the HNB proposals in this report for 2018-19 by drawing down £0.727m from DSG reserves.

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Strategic Director for Children's Services

High Needs Places 2018-19												Appendix 1	
		Pre 16 Places						Post 16 Places					
DfE	School	April	£	September	£	Year	£	April	£	August	£	Year	£
ERS Provision													
2011	BRAMPTON PRIMARY	14	35,000	14	49,000	14.00	84,000						
2013	CHAPEL-EN-LE-FRITH C E (VC) PRIMARY	19	47,500	19	66,500	19.00	114,000						
2116	ALDERCAR INFANT AND NURSERY	8	21,667	8	30,333	8.00	52,000						
2119	LANGLEY MILL JUNIOR	5	15,833	5	22,167	5.00	38,000						
2190	PILSLEY PRIMARY (CHESTERFIELD)	9	25,833	9	36,167	9.00	62,000						
2268	WHALEY BRIDGE PRIMARY	10	26,667	9	31,500	9.42	58,167						
2333	HILLTOP INFANT & NURSERY	5	19,167	5	26,833	5.00	46,000						
2356	ELMSLEIGH INFANT AND NURSERY	16	46,667	16	65,333	16.00	112,000						
2517	DUNSTON PRIMARY AND NURSERY	6	16,667	6	23,333	6.00	40,000						
2026	NEW WHITTINGTON COMMUNITY PRIMARY	9	24,167	10	39,667	9.58	63,833						
2249	SPRINGFIELD JUNIOR	14	38,333	12	42,000	12.83	80,333						
4019	CHAPEL-EN-LE-FRITH HIGH	38	103,333	36	133,000	36.83	236,333						
4074	THE WILLIAM ALLITT	3	10,833	3	15,167	3.00	26,000						
4173	TIBSHELF SCHOOL	17	42,500	17	59,500	17.00	102,000						
4191	GLOSSOPDALE COMMUNITY COLLEGE	2	8,333	0	0	0.83	8,333						
4089B	ALDERCAR CLC HI UNIT	9	22,500	9	31,500	9.00	54,000						
4089D	ALDERCAR CLC PHYS UNIT	0	0	0	0	0.00	0						
4004	OUTWOOD NEWBOLD	16	46,667	16	65,333	16.00	112,000						
4052	THE LONG EATON ACADEMY	11	27,500	10	35,000	10.42	62,500						
4500	QUEEN ELIZABETH'S GRAMMAR ACADEMY	5	14,167	4	14,000	4.42	28,167						
5410A	THE PINGLE AREA ERS	26	65,000	29	103,833	27.75	168,833						
5410C	THE PINGLE AUTISTIC UNIT	15	47,500	15	66,500	15.00	114,000						
		257	705,833	252	956,667	254.08	1,662,500						
	*Note that occupied places will be funded at £6,000 for 2018-19 resulting in a £4,000 increase in top up per place. The cost of this is estimated to be £904k.												
Post 16 High Needs Places													
4034	TUPTON HALL							3	6,000	2	8,000	2	14,000
4054	WILSTHORPE COMMUNITY							1	2,000	0	0	0	2,000
4057	NEW MILLS BUSINESS & ENTERPRISE COLLEGE							3	6,000	0	0	1	6,000
4089	ALDERCAR HIGH SCHOOL							26	52,000	24	96,000	25	148,000
4174	HIGHFIELDS							1	2,000	1	4,000	1	6,000
4191	GLOSSOPDALE COMMUNITY COLLEGE							3	6,000	1	4,000	2	10,000
4505	ANTHONY GELL							1	2,000	2	8,000	2	10,000
5404	BELPER SCHOOL AND SIXTH FORM CENTRE							2	4,000	0	0	1	4,000
5409	FRIESLAND							2	4,000	1	4,000	1	8,000
5411	LADY MANNERS							2	4,000	2	8,000	2	12,000
4000	SWANWICK HALL							1	2,000	1	4,000	1	6,000
4052	THE LONG EATON							2	4,000	1	4,000	1	8,000
4111	HOPE VALLEY COLLEGE							24	48,000	22	88,000	23	136,000
4196	BROOKFIELD COMMUNITY: A SPECIALIST SPORTS COLLEGE							3	6,000	2	8,000	2	14,000
5400	NETHERTHORPE							4	8,000	3	12,000	3	20,000
5401	THE ECCLESBOURNE							2	4,000	2	8,000	2	12,000
5408	HEANOR GATE SCIENCE COLLEGE							1	2,000	1	4,000	1	6,000
5410	THE PINGLE							2	4,000	4	16,000	3	20,000
5413	ST MARY'S CATHOLIC HIGH							3	6,000	3	12,000	3	18,000
								86	172,000	72	288,000	77	460,000

High Needs Places 2018-19												Appendix 1	
		Pre 16 Places						Post 16 Places					
DfE	School	April	£	September	£	Year	£	April	£	August	£	Year	£
Special Schools													
7000	Holly House	43	179,167	43	250,833	43	430,000						
7001	Holbrook	100	416,667	100	583,333	100	1,000,000	20	66,667	20	133,333	20	200,000
7005	Brackenfield	72	300,000	72	420,000	72	720,000						
7006	Ashgate Croft	100	416,667	100	583,333	100	1,000,000	38	126,667	38	253,333	38	380,000
7009	Swanwick Sports	82	341,667	82	478,333	82	820,000						
7012	Stubbin Wood	121	504,167	121	705,833	121	1,210,000	11	36,667	11	73,333	11	110,000
7014	Bennerley	84	350,000	84	490,000	84	840,000						
7017	Peak	30	125,000	30	175,000	30	300,000	22	73,333	22	146,667	22	220,000
7018	Alfreton Park	67	279,167	67	390,833	67	670,000	17	56,667	17	113,333	17	170,000
7019	Stanton Vale	62	258,333	62	361,667	62	620,000	23	76,667	23	153,333	23	230,000
		761	3,170,833	761	4,439,167	761	7,610,000	131	436,667	131	873,333	131	1,310,000
PRU													
CIR1102	Kirk Hallam	12	50,000	12	70,000	12	120,000						
CCFFA21	Sawley	48	200,000	48	280,000	48	480,000						
CIR1109	Breadsall	21	87,500	21	122,500	21	210,000						
CIR1112	AP	75	312,500	75	437,500	75	750,000						
CIR1106	Newhall	16	66,667	16	93,333	16	160,000						
CIR1101	Barrow Hill	4	16,667	4	23,333	4	40,000						
CIR1111	Hasland	71	295,833	71	414,167	71	710,000						
CCFFA22	Chapel	15	62,500	15	87,500	15	150,000						
CIR1100	Buxton	10	41,667	10	58,333	10	100,000						
		272	1,133,333	272	1,586,667	272	2,720,000						
Colleges													
	Chesterfield							75	150,000	67	268000	70	418,000
	Buxton							13	26,000	46	184000	32	210,000
								88	176,000	113	452,000	103	628,000

Special School top ups rates 2017-18Appendix 2

Special School Profile	Descriptor	2017-18 Top Up £*
MSI	Multi-Sensory Impairment	49,108.08
ECB	Extremely Challenging Behaviour	49,108.08
HD	High Dependency	24,000.00
SEMHD	Social Emotional & Mental Health Difficulties	24,000.00
ELD	Extreme Learning Difficulty	17,168.17
SEBD	Severe Emotional & Behavioural Difficulty	16,079.05
ECOM	Extreme Communication Difficulty	15,269.66
COM	Autism/Communication Difficulty	11,119.32
EBD	Emotional & Behavioural Difficulty	10,860.89
D&A	Specialist Nursery (FTE)	9,827.19
SSI	Severe Sight Impairment	5,692.36
PHYS	Severe Physical Impairment	5,692.36
SHI	Severe Hearing Impairment	5,692.36
SLD	Severe Learning Difficulty	5,692.36
OLD	Other Learning Difficulty	1,557.53

PRU Profile	2017-18 Top Up £*
Kirk Hallam	17,400
Sawley	3,500
Breadsall	12,100
Alternative Provision Team	5,100
Newhall	20,000
Barrow Hill	17,800
Hasland	6,700
Bolsover	3,500
Chapel	7,800
Buxton	24,500
ER School Profile	£
A – Area ERS	2,523.10
(W' Bridge Prim, Chapel High, William Allitt, Glossopdale, Pingle, Hope Valley, QEGS	
B – Deaf/Hearing Impaired ERS	3,855.74
(Aldercar Inf, Langley Mill Jnr, New Whittington Prim, Aldercar Language College	
C – Autism ERS	5,108.65
Brampton Prim, Chapel Prim, Pilsley Prim, Springfield Jnr, Elmsleigh Inf, Tibshelf., Pingle, Outwood Newbold, Long Eaton	
D – Physical Impairment ERS	15,744.48
(Dunston Primary, Aldercar Language College, Hilltop)	

* PRU & special school figures exclude the one-off funding to support school improvement and redundancy costs

Proposed top-up budgets 2018-19 (based on 2017-18 rates)

Appendix 3

Sector	£m
Early Years	0.340
DCC mainstream primary schools and academies	5.970
OLA mainstream primary schools and academies	0.130
DCC mainstream secondary schools, academies and colleges	8.192
Enhanced Resource School (ERS) top-ups	2.240
OLA mainstream secondary schools and academies	0.371
DCC special schools	10.993
OLA, Independent and non-maintained special schools	6.814
PRUs	1.817
Other individual school-based SLAs	0.770
Total	37.637

Proposed centrally- held HNB budgets 2018-19

Appendix 4

Budget	£m
Specialist SEN services	2.411
SSSEN Service	4.687
Education Psychology Service (contribution to)	0.400
Behaviour Support	1.263
Integrated Pathways Service	2.745
Positive Play	0.238
Derbyshire Nurture	0.313
Behaviour Support TAs	0.316
Excluded pupils clawback	(0.361)
Virtual School	0.922
Early Help & SCIP (Strategies for Crisis Intervention & Prevention)	0.590
Advisers	0.114
Hospital tuition	0.100
SEN contingency	0.300
Vulnerable children's fund	0.224
Contribution to complex cases	1.839
Support for inclusion	1.169
Contribution to SEN transport	0.080
Total	17.350