

**DERBYSHIRE COUNTY COUNCIL**

Agenda Item No: 6 (h)

**CABINET**

**21 March 2019**

**Report of the Strategic Director for Children's Services**

**HIGH NEEDS BLOCK FUNDING SETTLEMENT 2019-20  
(YOUNG PEOPLE)**

1. **Purpose of the Report** - To seek Cabinet approval to the High Needs Block (HNB) funded budgets within the Dedicated Schools Grant (DSG) for 2019-20.

2. **Information and Analysis**

2.1 **High Needs Block income**

The DfE announced details of the High Needs Block (HNB) settlement for 2019-20 on 17 December 2018. Derbyshire's allocation is £70.318m and a breakdown of this figure is provided in Appendix 1. The like-for-like increase, which excludes the impact of year-on-year changes to the import/export adjustment, is £2.002m, equivalent to a 2.86% increase. The settlement for Derbyshire includes £1.600m in both 2018-19 and 2019-20 out of the additional £125m allocated nationally in each of these years to help LAs meet HNB pressures.

Whilst these increases are welcomed, the November 2018 monitoring forecast a HNB overspend in 2018-19 of £3.408m. The additional funding approved in the settlement will reduce this shortfall and thus ease the pressure on the Council's DSG cash reserves. However, despite the additional investment, there is still an ongoing HNB shortfall in 2019-20.

2.2 **Initial review of budget proposals for 2019-20**

2.2.1 **ESFA funded and LA school and academy places**

There are two types of places, 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 LA gross HNB allocations. The second type covers pre-16 places in LA special schools, Enhanced Resource provision in LA maintained schools and LA Pupil Referral Units.

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 expects to fund from

the gross HNB are shown in Appendix 2. The total cost is estimated to be £14.358m, a small increase of £0.057m compared with 2018-19.

### 2.2.2 Top-up funding [also known as Element 3]

These sums, which are over and above the place values, are paid to providers for children and students for which the LA is the “home” Authority. Top-up rates vary depending on the type of institution and the individual child’s needs being met: details of the current rates for Derbyshire are provided in Appendix 3.

The estimated cost of Element 3 top-ups, based on current levels of spend and multipliers, is shown in Table 1 below. The total estimated cost is £41.373m, £0.577m more than the projected 2018-19 total: the 2019-20 estimates include a demographic contingency to reflect the increasing primary and secondary pupil populations. The top-up multipliers are provided in Appendix 3.

**Table 1 – Estimated Element 3 top-ups 2019-20**

Item	2019-20 estimate
	£
Early years	483,156
Primary schools and academies	7,430,633
Secondary schools and academies	6,823,519
Post-16 Colleges and ESPs	3,359,686
Special schools and academies	11,488,197
PRUs	1,468,355
OLA, Independent & NMSS	10,081,744
Demographic contingency	149,000
Other devolved allocations	727,609
<b>Total</b>	<b>42,011,899</b>

### 2.2.3 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. The estimated allocations for 2019-20 are set out in Appendix 4 and reflect current spend with allowances for pay and price increases, including the impact of the 2018 teachers’ pay award and the 2019 teachers’ pension increase.

## 2.3 Summary of allocations

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

**Table 2 – Summary of allocations at this point**

<b>Budget</b>	<b>£m</b>
Places (Appendix 2)	14.358
Top-ups – section 2.2.2.	42.012
Centrally-held budgets (Appendix 4)	16.118
Total budgets	72.488
HNB grant	70.317
Shortfall	2.171

#### 2.4 Measures to reduce the over-commitment

Given the reduced level of DSG reserves, a range of actions will be required to reduce spending. The proposed measures and the estimated savings are set out in Appendix 5 and summarised in Table 3 below.

**Table 3 – Proposed measures to reduce the HNB over-commitment**

	<b>Saving 2019-20</b>
<b>Item</b>	<b>£m</b>
Remove funding in central budgets for pay/pension increases	0.469
Charge schools for costs of tailored provision by IPT in respect of pupils at risk of exclusion and out of school provision	0.430
Reduction in early help contribution	0.301
Reduction in vulnerable children's fund	0.074
Reduced subsidy for Positive Play and Nurture group support	0.020
Measures identified from strategic SEND review	TBC
Total	1.294

With regard to the teachers' pensions, the Government is currently consulting on who to allocate funding to in respect of the expected increases in employer TPS contributions. The consultation, which closes the second week of February, proposes allocating funding to LAs as well as schools and academies, which is a different approach to that taken with the Teacher's Pay grant. If the increased pension costs to central budgets were to be funded by the Government, then this would help achieve the overall saving requirement.

Assuming all of the reductions are achieved, this would leave the HNB reliant on DSG reserves of £0.877m in 2019-20. As a result of the additional HNB resources allocated by the Government referred to earlier, the level of Council-held DSG reserves is expected to be around £3.3m at the end of 2018-19. The 2019-20 HNB over-commitment is therefore manageable.

However, the current pressures on the DSG means that the HNB over-commitment is not sustainable on a long-term basis. Unless additional HNB funding is provided in the Government's next Comprehensive Spending Review, either additional savings will be required in the High Needs Block and/or the Council will need to consider seeking

approval from the Schools Forum and/or Secretary of State for Education for funding to be transferred from the Schools Block from April 2020.

## 2.5 Special schools de-delegation

Funding in respect of redundancy costs and services previously funded by the Education Services Grant (ESG) have been top-sliced from LA mainstream schools' budgets. With regard to the equivalent services for LA special schools, decisions on whether or not to top-slice funding for redundancy and/or former ESG-funded services is a matter for the special school LA-maintained sector representative on the Forum. The proposed top-slice rates for special schools for 2019-20 are set out in Table 4.

**Table 4 – Top-slice charges for Special Schools 2019-20**

	Per Pre-16 Place		
Sector/multiplier	Redundancy	Other former ESG Services	Total
Multiplier	<b>£37.23</b>	<b>£20.00</b>	<b>£57.23</b>

At the meeting of the Schools Forum on 31 January 2019, the special school representative agreed that funding should be top-sliced for their sector for 2019-20. 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 request for 2019-20 in respect of special schools.

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, legal & 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:
  - (i) Notes the 2019-20 High Needs Block settlement;
  - (ii) Agrees to fund the places for 2019-20 as set out in Appendix 2;
  - (iii) Agrees the top-up rates for 2019-20 as set out in Appendix 3;
  - (iv) Agrees the central budgets as set out in Appendix 4;
  - (v) Agrees to the reductions as set out in Appendix 5; and
  - (vi) Agrees to the request from the Schools Forum to de-delegate and top-slice funding from special schools' 2019-20 budgets as set out in section 2.5

**Jane Parfremment**  
**Strategic Director for Children's Services**

## Derbyshire's NFF High Needs Block allocation 2019-20

## Appendix 1

Indicator	Multiplier	Count	2019-20 Total	Original 2018-19 Total
	(£)		(£m)	(£m)
Population aged 2-18	117.17	145,415	17.039	17.008
Health & Disability – No. children with bad health	3,086.40	670	2.068	2.033
Health & Disability – No. children claiming DLA	509.71	5,250	2.676	2.663
Deprivation – Free school meals (current)	245.33	13,609	3.339	3.207
Deprivation – IDACI Band F	34.04	15,220	0.518	0.519
Deprivation – IDACI Band E	44.21	7,604	0.336	0.337
Deprivation – IDACI Band D	60.30	8,964	0.541	0.530
Deprivation – IDACI Band C	64.50	8,378	0.540	0.528
Deprivation – IDACI Band B	70.63	8,172	0.577	0.573
Deprivation – IDACI Band A	95.58	780	0.075	0.073
Low Attainment @ KS2	1,761.36	1,426	2.512	2.349
Low Attainment @ KS4	1,446.66	1,824	2.639	2.798
Historic spend		-	33.032	33.025
Funding floor		-	0.617	0.628
Hospital Education		-	0.050	0.050
Basic entitlement - no. pupils in spec schools/post-16	4,000.00	985	3.940	3.776
Additional allocation 2019-20			1.600	0.000*
<b>Sub-total before import/export adjustment</b>			<b>72.099</b>	<b>70.097</b>
Import/export adjustment	6,000.00	-296.75	-1.781	-1.446
<b>Total High Needs Block</b>			<b>70.318</b>	<b>68.651</b>
<b>Memo item:</b>				
Year-on-year change vs original 2018-19 pre-import/export adj. (£m)				<b>+2.002</b>
Year-on-year change vs original 2018-19 pre-import/export adj. (%)				<b>+2.86%</b>

\* 2018-19 subsequently increased in Dec 2018 announcement

High Needs Places 2019-20							Appendix 2		
DfE	School	Type	Places 2018-19		Places 2019-20		Budget		Change
			April	September	April	September	2018-19	2019-20	£
<b>ERS</b>									
2025	SPRINGFIELD JUNIOR	Academy	14.00	12.00	12.00	8.00	77,000	58,000	-19,000
2026	NEW WHITTINGTON PRIMARY	Academy	9.00	10.00	10.00	9.00	57,500	56,500	-1,000
2036	DUNSTON PRIMARY AND NURSERY ACADEMY	Academy	6.00	6.00	6.00	6.00	36,000	36,000	0
2037	LANGLEY MILL ACADEMY	Academy	5.00	5.00	5.00	6.00	30,000	33,500	3,500
4004	OUTWOOD ACADEMY NEWBOLD	Academy	16.00	16.00	16.00	16.00	96,000	96,000	0
4052	THE LONG EATON	Academy	11.00	10.00	10.00	11.00	62,500	63,500	1,000
4500	QUEEN ELIZABETH'S GRAMMAR	Academy	5.00	4.00	4.00	0.00	26,500	10,000	-16,500
5410A	THE PINGLE (AREA)	Academy	26.00	29.00	29.00	29.00	166,500	174,000	7,500
5410C	THE PINGLE (AUTISTIC)	Academy	15.00	15.00	15.00	15.00	90,000	90,000	0
2011	BRAMPTON PRIMARY	Maintained	14.00	14.00	14.00	14.00	84,000	84,000	0
2013	CHAPEL-EN-LE-FRITH C E (VC) PRIMARY	Maintained	19.00	19.00	19.00	19.00	114,000	114,000	0
2116	ALDERCAR INFANT AND NURSERY	Maintained	8.00	8.00	8.00	8.00	48,000	48,000	0
2190	PILSLEY PRIMARY (CHESTERFIELD)	Maintained	9.00	9.00	9.00	9.00	54,000	54,000	0
2268	WHALEY BRIDGE PRIMARY	Maintained	10.00	10.00	10.00	10.00	60,000	60,000	0
2333	HILLTOP PRIMARY	Maintained	5.00	5.00	5.00	5.00	30,000	30,000	0
2356	ELMSLEIGH INFANT AND NURSERY	Maintained	16.00	16.00	16.00	16.00	96,000	96,000	0
4019	CHAPEL-EN-LE-FRITH HIGH	Maintained	38.00	36.00	36.00	34.00	221,000	209,000	-12,000
4074	THE WILLIAM ALLITT	Maintained	3.00	3.00	3.00	1.00	18,000	11,000	-7,000
4089B	ALDERCAR COMM. LANGUAGE COLLEGE (HI)	Maintained	9.00	9.00	9.00	10.00	54,000	57,500	3,500
4089D	ALDERCAR COMM. LANGUAGE COLLEGE (PHYS)	Maintained	0.00	0.00	0.00	1.00	0	3,500	3,500
4173	TIBSHELF COMMUNITY (OPENED SEPT 14)	Maintained	19.00	17.00	17.00	19.00	107,000	109,000	2,000
4191	GLOSSOPDALE COMMUNITY COLLEGE	Maintained	2.00	0.00	0.00	0.00	5,000	0	-5,000
	<b>Total ERS</b>		<b>259.00</b>	<b>253.00</b>	<b>253.00</b>	<b>246.00</b>	<b>1,533,000</b>	<b>1,493,500</b>	<b>-39,500</b>
<b>Special</b>									
7001	Holbrook	Academy	120.00	120.00	120.00	120.00	1,200,000	1,200,000	0
7014	Bennerley Fields	Academy	87.00	87.00	87.00	88.00	870,000	875,833	5,833
7017	Peak	Academy	52.00	52.00	52.00	55.00	520,000	537,500	17,500
7019	Stanton Vale	Academy	85.00	85.00	85.00	85.00	850,000	850,000	0
7000	Holly House	Maintained	43.00	43.00	43.00	43.00	430,000	430,000	0
7005	Brackenfield	Maintained	72.00	72.00	72.00	72.00	720,000	720,000	0
7006	Ashgate Croft	Maintained	138.00	138.00	138.00	139.00	1,380,000	1,385,833	5,833
7009	Swanwick Sports	Maintained	82.00	82.00	82.00	82.00	820,000	820,000	0
7012	Stubbin Wood	Maintained	132.00	132.00	132.00	135.00	1,320,000	1,337,500	17,500
7018	Alfreton Park	Maintained	85.00	85.00	85.00	85.00	850,000	850,000	0
	<b>Total Special</b>		<b>896.00</b>	<b>896.00</b>	<b>896.00</b>	<b>904.00</b>	<b>8,960,000</b>	<b>9,006,667</b>	<b>46,667</b>
<b>PRU</b>									
1106	South Derbyshire	Academy	16.00	16.00	16.00	16.00	160,000	160,000	0
1102	Amber Valley	Maintained	156.00	156.00	156.00	156.00	1,560,000	1,560,000	0
1111	North East Derbyshire	Maintained	100.00	100.00	100.00	100.00	1,000,000	1,000,000	0
	<b>Total PRU</b>		<b>272.00</b>	<b>272.00</b>	<b>272.00</b>	<b>272.00</b>	<b>2,720,000</b>	<b>2,720,000</b>	<b>0</b>

High Needs Places 2019-20								Appendix 2	
			Places 2018-19		Places 2019-20		Budget		Change
DfE	School	Type	April	August	April	August	2018-19	2019-20	£
<b>Post 16</b>									
4000	SWANWICK HALL	Academy	1.00	1.00	1.00	1.00	6,000	6,000	0
4052	THE LONG EATON	Academy	2.00	1.00	1.00	1.00	8,000	6,000	-2,000
4196	BROOKFIELD COMMUNITY	Academy	3.00	2.00	2.00	1.00	14,000	8,000	-6,000
5400	NETHERTHORPE	Academy	4.00	3.00	3.00	0.00	20,000	6,000	-14,000
5401	THE ECCLESBOURNE	Academy	2.00	2.00	2.00	0.00	12,000	4,000	-8,000
5408	HEANOR GATE SCIENCE COLLEGE	Academy	1.00	1.00	1.00	0.00	6,000	2,000	-4,000
5409	FRIESLAND	Academy	2.00	1.00	1.00	0.00	8,000	2,000	-6,000
5410	THE PINGLE	Academy	2.00	4.00	4.00	2.00	20,000	16,000	-4,000
5413	ST MARY'S CATHOLIC HIGH	Academy	3.00	3.00	3.00	2.00	18,000	14,000	-4,000
4111	HOPE VALLEY (POST 16 ONLY)	Academy	24.00	22.00	22.00	22.00	136,000	132,000	-4,000
4034	TUPTON HALL	Maintained	3.00	2.00	2.00	0.00	14,000	4,000	-10,000
4054	WILSTHORPE COMMUNITY	Maintained	1.00	0.00	0.00	0.00	2,000	0	-2,000
4057	NEW MILLS - CLOSING SEPT18	Maintained	3.00	0.00	0.00	0.00	6,000	0	-6,000
4089	ALDERCAR HIGH	Maintained	26.00	24.00	24.00	25.00	148,000	148,000	0
4174	HIGHFIELDS	Maintained	1.00	1.00	1.00	3.00	6,000	14,000	8,000
4191	GLOSSOPDALE COMMUNITY COLLEGE	Maintained	3.00	1.00	1.00	1.00	10,000	6,000	-4,000
4505	ANTHONY GELL	Maintained	1.00	2.00	2.00	3.00	10,000	16,000	6,000
4509	DRONFIELD HENRY FANSHAW	Maintained	0.00	0.00	0.00	1.00	0	4,000	4,000
4510	BUXTON COMMUNITY	Maintained	0.00	0.00	0.00	1.00	0	4,000	4,000
5404	BELPER SCHOOL AND SIXTH FORM CENTRE	Maintained	2.00	0.00	0.00	0.00	4,000	0	-4,000
5411	LADY MANNERS	Maintained	2.00	2.00	2.00	1.00	12,000	8,000	-4,000
	<b>Total Post 16</b>		<b>86.00</b>	<b>72.00</b>	<b>72.00</b>	<b>64.00</b>	<b>460,000</b>	<b>400,000</b>	<b>-60,000</b>
<b>FE</b>									
	Chesterfield College	FE	75.00	67.00	67.00	67.00	418,000	402,000	-16,000
	University of Derby	FE	13.00	46.00	46.00	61.00	210,000	336,000	126,000
	<b>Total FE</b>		<b>88.00</b>	<b>113.00</b>	<b>113.00</b>	<b>128.00</b>	<b>628,000</b>	<b>738,000</b>	<b>110,000</b>
	<b>Total DCC</b>						<b>14,301,000</b>	<b>14,358,167</b>	<b>57,167</b>
File Summary MTFP incl 2019-20 budget v6 for Cabinet March 2019.xls									

Special School top-ups rates 2019-20Appendix 3

<b>Special School Profile</b>	<b>Descriptor</b>	<b>Top Up £</b>
MSI	Multi-Sensory Impairment	49,262.97
ECB	Extremely Challenging Behaviour	49,262.97
HD	High Dependency	24,154.89
SEMHD	Social Emotional & Mental Health Difficulties	24,154.89
ELD	Extreme Learning Difficulty	17,323.06
SEBD	Severe Emotional & Behavioural Difficulty	16,233.94
ECOM	Extreme Communication Difficulty	15,424.55
COM	Autism/Communication Difficulty	11,274.21
EBD	Emotional & Behavioural Difficulty	11,015.79
SSI	Severe Sight Impairment	5,847.25
PHYS	Severe Physical Impairment	5,847.25
SHI	Severe Hearing Impairment	5,847.25
SLD	Severe Learning Difficulty	5,847.25
OLD	Other Learning Difficulty	1,712.42



<b>PRU Profile</b>	<b>Top Up £</b>
Kirk Hallam	12,126
Sawley	2,193
Bennerley	9,524
Alternative Provision Team	3,156
Newhall	18,522
Barrow Hill	7,160
Hasland	2,889
Chapel	4,870
Buxton	20,810
<b>ER School Profile</b>	<b>£</b>
<b>A – Area ERS</b>	<b>6,523.10</b>
(W' Bridge Prim, Chapel High, William Allitt, Glossopdale, Pingle, Hope Valley, QEGS	
<b>B – Deaf/Hearing Impaired ERS</b>	<b>7,855.74</b>
(Aldercar Inf, Langley Mill Jnr, New Whittington Prim, Aldercar Language College	
<b>C – Autism ERS</b>	<b>9,108.65</b>
Brampton Prim, Chapel Prim, Pilsley Prim, Springfield Jnr, Elmsleigh Inf, Tibshelf., Pingle, Outwood Newbold, Long Eaton	
<b>D – Physical Impairment ERS</b>	<b>19,744.48</b>
(Dunston Primary, Aldercar Language College, Hilltop)	

Proposed centrally-held HNB budgets 2019-20 before savings measures

Appendix 4

	<b>Before savings</b>
<b>Budget</b>	<b>£</b>
Access and inclusion	1,209,371
Behaviour Support	1,619,347
Positive Play	201,625
Derbyshire Nurture	312,950
Integrated Pathways	3,008,405
Excluded Pupils clawback	-391,000
Hospital tuition	50,000
Virtual school	987,816
PRU transport (PRU to provision)	350,000
Contribution to Education Psychology Service	400,000
Specialist SEN services (Includes SSSEN, PI,HI & SI)	7,059,455
Vulnerable Children's Fund/SEN contingency	574,000
Other	655,866
Contribution to SEN transport	80,000
<b>Total</b>	<b>16,117,835</b>

Proposed savings in centrally-held HNB budgets 2019-20

Appendix 5

	<b>Saving 2019-20</b>	<b>Notes</b>
<b>Item</b>	<b>£m</b>	
Remove funding in central budgets for pay/pension increases	0.469	Savings managed by cost reductions e.g. holding vacancies and/or by the allocation of grant funding for teachers' pension increases
Charge schools for costs of tailored provision by IPT in respect of pupils at risk of exclusion	0.400	Currently schools only pay for additional TA costs arising from tailored provision. From April 2019 schools would be expected to pay a contribution towards core costs of the Integrated Pathways Team. The average cost for a 12-week tailored package would be around £2,500. N.B. Schools continue to record these children on their census and thus receive funding via the LA's funding formulae for them.
Out of School Tuition	0.030	Currently schools pay for the first 38 weeks of any long-term support from the Out of School Tuition team, a measure designed to limit the costs for individual primary schools. Schools continue to record these children on their census and so receive funding via the LA's funding formulae for them. Removal of the cap for secondary schools is expected to generate around £30,000 per annum
Reduction in early help contribution	0.301	Part-year impact of early help proposals agreed by Cabinet in January 2019. A further £0.215m should be saved in 2020-21.
Reduction in vulnerable children's fund	0.074	This supports interventions for individual vulnerable children. The saving would see the fund reduced from £224,000 to £150,000
Reduced subsidy for behaviour support/Positive Play and Nurture groups	0.020	Both of these services generate a modest amount of income from trading. The intention would be to increase income streams in 2019-20.
Measures identified from strategic SEND review	TBC	Isos Partnership have been commissioned to undertake a strategic review of our SEND provision, report due May 2019
<b>Total</b>	<b>1.294</b>	