

Post 16 High Needs Funding Update

Committee: Schools' Forum

Date:

Authors:	Head of Finance (Education and Innovation) Commissioner – Routes to Employment
Wards Affected:	All
Locality Affected:	All
Settings Affected:	As the Dedicated Schools Grant is ring-fenced funding provided by the Department for Education to meet the educational needs of early years; school age and all 0 to 25 year old high needs pupils any decisions on how the grant is utilised indirectly affects all settings. This report specifically affects funding for High Needs post 16 students attending Further Education Colleges, Independent Specialist College Providers and other training providers.

1. Purpose and Reasons

- 1.1 The purpose of this report is to update Schools Forum on the level of funding available and proposes indicative funding allocations to providers for the 2015/16 financial year.

2. Recommendations

- 2.1 Members of the Schools Forum are now asked to:

- Note that the latest projected 2015/16 financial year costs arising from the LA new funding responsibilities for Post 16 High Needs Students is estimated at **£2.019m** for an estimated 386 FTE post 16 (excluding school sixth form) high needs students (Para. 5). This includes costs of 48 FTE placements at ISPs of **£0.579m** (Para. 6) and indicative allocations to FE colleges and training providers of **£1.439m** for 338 students (Para. 8.1).
- Note indicative banding values for the academic year 2015 have reduced since 2014/15 academic year to fit within the available funding envelope as a result of a significant projected increase in student numbers (Para 8.4)

3. Background

- 3.1 Forum members will recall that this area of the DSG has been particularly difficult to manage since the transfer of commissioning responsibilities from the EFA to the LA in September 2013. The transfer of responsibility coincided with the capping of learner numbers and the introduction of a national funding formula. This resulted in Swindon being funded at a lower rate than it was historically.
- 3.2 The funding arrangement for the provision of education for high need students in FE colleges and ISPs is different to schools. Whereas all funding for maintained

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schools and academies (Mainstream, Special Schools and Special Resource Provision) is provided from Swindon's DSG (via the local formula) for FE colleges and ISPs the position is as follows;

- **Element 1** - SBC has no involvement in what DfE refer to as element 1 funding which is paid direct to accredited providers on a lagged basis using previous year's learner numbers. This operates outside all DSG calculations and averages £4,977 per pupil. This is essentially the same as pupil based funding in a mainstream school although FE rates per student are set by the EFA for individual providers and will not be exactly £4,977.
- **Element 2** – This is paid on a lagged basis directly to providers by the EFA at £6,000 per place and is essentially the same as the notional SEN funding for pre 16 students. The EFA states that Element 2 does not align exactly to student numbers and the allocation is not LA specific.
- **Element 3** – This is the only funding that SBC receives DSG funding for to pay over to FE colleges and other high needs providers and should be paid based on meeting individual pupil needs' top up costs in a similar way to mainstream and specialist settings.

Update on 2015/16 Financial Year Allocation

4. Funding Available 2015/16

4.1 Although the Post 16 financial year runs from August – July, the DSG is allocated and reported on a financial year basis. Therefore this report is aligned to the financial year.

4.2 The total funding available for 2015/16 financial year for post 16 providers (excluding school sixth forms) is **£2.022m**.

5. Planned Placements 2015/16

5.1 The table below shows how the LAs latest 2015/16 commissioning plan compares to the EFA approved places;

Table 1 – Indicative 2015/16 Academic Year FTE Placements					
	EFA	Jun-15	Projected	Variance	Notes
	Approved Places2015	Actual Placements	Sep-15 Placements	To EFA Approved	
Cirencester College	14	6	12	-2	2
New College	45	37	64	+19	
Swindon College	148	105	180	+32	
Wiltshire College	3	10	20	+17	
Colleges Total	210	167	276	+66	1

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Training Providers Total	3	33	36	+33	
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ISPs	19	28	15	-4	3
UET	20	18	33	+13	4
ISP's Total	39	46	48	+9	

Unknown destinations			26	+26	5
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Overall Total	252	246	386	+134	
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5.2 The LA expects to fund element 3 top ups for a total of 386 students during the 2015/16 academic year which is an increase of 134 over the EFA approved placements collated through the High Needs Return in October 2013. The LA had the opportunity in October 2014 to make a request to the EFA for exceptional circumstances to increase the place numbers. However the increase per provider did not meet the exceptional circumstances criteria and therefore requests made by the LA were not successful. The EFA have agreed to recognise and provide element 3 funding for 252 places;

- **Note 1** – The increase in projected learners in September 2015 is made up of a number of influencing factors. A larger Y11 cohort of 201 transferring in September 2015 compared to 151 in September 2014. A larger number of students expected to continue in learning in Y13 and above in FE Colleges, Training Providers and UET than in September 2014.
- **Note 2** – In previous years the number of placements taken up at the FE Colleges has been lower than the number commissioned in the High Needs Return resulting in the providers being over funded. This year we are projecting that numbers will exceed the commissioned places. Element 2 funding for approved providers is allocated on a lagged learner basis by the EFA in line with the October census data.
- **Note 3** – A total of 15 ISP placements are now expected which is 4 below the number commissioned. These 4 pupils are now having their needs met within the FE College setting or have now left the provision. There have been no new requests for ISP Placements for September 2015. Element 1 and 2 is funded on a lagged basis in the same way as FE Colleges and training providers.
- **Note 4** – The EFA currently fund 20 placements at UET. Element 1 and 2 is funded on a lagged basis in the same way as FE Colleges, training providers and other EFA approved ISPs.

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- **Note 5** – There are 26 students identified as meeting the high needs criteria where a post 16 destination is not yet known.

6. Proposed 2015/16 ISP costs

- 6.1 For placements at Independent Specialist Provider Colleges (ISPs) including the UET, annual costs are at individually negotiated rates. Pupils attend ISPs when their needs cannot be met within the mainstream or special school 6th form, or mainstream FE College provision with additional support or a bespoke package. Where appropriate placements are jointly commissioned with social care and health agreeing contributions. ISP placements from September 2015 are estimated at 48 places with 2015/16 financial year costs of **£0.579m**.

7. Proposed 2015/16 FE College and Training Provider costs

- 7.1 In September 2014 the Universal Banding approach was implemented in all FE Colleges and Training Providers for High Needs students. The banding scheme was based on the model already used in special schools and SRPs. All students are funded at the same level and a range of supplements were agreed. Students have been allocated against the same 6 prime need bandings used for special school and SRPs and indicative post 16 banding values were calculated based on the funding envelope provided by the EFA for the new responsibilities as calculated below:

- Total funding envelope financial year **£2.022m**
- Less term 5 and 6 costs from the 14/15 academic year **£0.750m**
- Balance available for terms 1-4 of the 14/15 academic year **£1.272m** (September-March)
- Less ISP costs September – March (see table 2 below) **£0.306m**
- Balance available for FE Colleges and Training Providers September – March **£0.966m**

8. Indicative Funding Allocations 2015/16

- 8.1 At this stage in the year the LA is unable to confirm precise funding allocations for individual providers because some students have not confirmed their placements for the 2015/16 academic year yet. The table below provides the LA's best estimates which are as follows;

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Table 2 – Indicative 2015/16 Academic Year Allocations

	Actual Places June 2015	Latest Estimated places Sept 2015	2015/16 Financial Year payment April – August	2015-16 Financial Year payment Sept - March	Financial Year Total April 2015 – March 2016
Cirencester College	6	12	£8,998	£24,589	£33,588
New College	37	55	£94,544	£235,311	£329,855
Swindon College	105	174	£206,157	£473,698	£679,855
Wiltshire College	10	20	£60,944	£61,173	£122,117
FE College Total	167	276	£370,645	£794,772	£1,165,417

Training Providers Total	33	36	£106,027	£98,609	£204,636
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ISPs	28	15	£225,869	£203,529	£429,399
UET	18	33	£47,366	£102,558	£149,925
ISP Total	46	48	£273,237	£306,088	£579,325

Contingency	0	26	0	£69,205	£69,205
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Overall Total	246	386	£749,908	£1,268,675	£2,018,583
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- 8.2 The projection based on the current known student numbers and the bandings allocated through the moderation process will mean a total financial year spend of £2.018m and will be on budget.
- 8.3 A contingency budget of £0.069m has been developed for the period September-March for the identified pupils who are high needs where a destination has yet to be confirmed.
- 8.4 A new local funding formula was devised and implemented in September 2014 to distribute the available funding to FE Colleges and Training Providers. Based on current projections of student numbers it is not possible to maintain the 14/15 banding values within the financial envelope. However this will be revised following enrolment in the new academic year. The resulting funding values for September 2015 are proposed as follows;

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Table 3 – Proposed 2015/16 post 16 post school High Need Band Values & Supplements

<u>Universal Banding Descriptor</u>	<u>Values 2014/15 AYR</u>	<u>Indicative Values 2015/16 AYR</u>	<u>Difference in Value</u>
Band 1 – 100%	£8,975	£7,550	-£1,425
Band 2 - 90%	£8,078	£6,795	-£1,283
Band 3 - 60%	£4,488	£4,530	+£42
Band 4 – 37.5%	£3,366	£2,831	-£535
Band 5 - 30%	£2,693	£2,265	-£428
Band 6 – 15%	£1,346	£1,133	-£213
<u>Supplements</u>			
Medical Needs	£750	£750	£0
Manual Handling	£500	£500	£0
Transition	£250	£250	£0
Workshop / High Risk Environment	£400	£400	£0
Open campus	£250	£250	£0

8.5 It is not possible to fund post 16 providers (excluding school sixth forms) at the same level as schools due to the funding levels available. However the % decrease between each band has been aligned. A summary of the rationale for the supplements is as follows;

- Medical Needs: for students with a significant medical need that would require a high level of medical assistance/supervision.
- Manual Handling: for students with a disability that would require a significant level of manual handling
- Transition: for students who are transferring from a Special School or Special Resource Provision on band 1 or 2, any pupil from the EOTAS/Tuition Service or a pupil that was formerly home educated. This supplement would only apply during the first year at College.
- Workshop / high risk environment: for students working in a higher risk learning environment that would require additional support/supervision
- Open campus: for students who are socially or emotionally highly vulnerable, as a result of their SEN needs, and require closer supervision when attending an open campus environment.

8.6 The self-audit and moderation of bandings and supplements process has developed to include all providers to ensure resources are allocated as equitably as possible. Moderation is an annual activity to consider changes to current banding allocation for pupils for whom the college is requesting a change of band. New pupils joining in September 2015 will have been banded by their current

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provision. Colleges will have the opportunity to request a change of banding level for these pupils at a further moderation event schedule to take place at the beginning of term 2.

- 8.7 During Term 5 and 6 LA Commissioners are undertaking a monitoring and review of high needs students in a range of settings. This will include review of the Universal Banding Scheme allowing feedback to be gathered from providers and to gain understanding of how this is working for post 16 providers. The outcome will be shared with the October Schools Forum.
- 8.8 The providers have all engaged and participated in the self-assessment and moderation process of High Needs Students managed by the LA and will continue to be included within moderation in Term 2.

Members of the Schools Forum are now asked to:

- **Note that the latest projected 2015/16 financial year costs arising from the LA new funding responsibilities for Post 16 High Needs Students is estimated at £2.019m for an estimated 386 FTE post 16 (excluding school sixth form) high needs students. This includes costs of 48 FTE placements at ISPs of £0.579m and indicative allocations to FE colleges and training providers of £1.439m for 338 students.**
- **Note indicative banding values for the academic year 2015 have reduced since 2014/15 academic year to fit within the available funding envelope as a result of a significant projected increase in student numbers.**

9. Alternative Options

The LA has a statutory duty to manage and distribute the Dedicated Schools Grant (DSG) in accordance with prevailing grant conditions and School Finance Regulations. DfE have prescribed the options available to Local Authorities, some of which are mandatory whilst some are discretionary, but in most cases funding values are to be locally determined. The proposals in this report are aimed at containing costs within the level of funding provided by EFA to meet the LAs new responsibilities. As no elements of the DSG are ring fenced it is for individual LAs to decide how best to manage this funding via consultation with Schools Forum's. Higher or lower levels of post 16 high need funding could therefore be subject to the whole DSG budget being balanced, thus an increase in funding for Post 16 would require a compensatory saving elsewhere in the budget.

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10. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

10.1 As this is essentially a financial report the implications are explained throughout the document. At this stage the impact of any funding changes on individual colleges and other providers cannot be precisely determined although the establishment of banding and supplement values should reduce financial uncertainty.

10.2 It is important to recognise that under the school finance regulations no setting is financially protected against reduced pupils or students although from 2014/15 the LA had an option to protect good and outstanding mainstream schools and academies from temporary falling rolls.

Legal and Human Rights Implications

10.3 There are no legal and human rights implications arising from this report.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

10.4 Although the impact on individual settings cannot be determined at this stage the school funding reform programme is causing a degree of volatility which may have implications for schools and other providers which are detrimentally affected by the redistribution of funding. In determining funding levels the LA is required to comply with the school finance regulations and providers are expected to manage their operations and spending within their available funding including brought forward balances.

Links to One Swindon, Strategic Objectives, Plans and Policies

10.5 Utilisation of the DSG has a direct link to two of the Council's five priorities – "Right skills, right jobs in the right place" and "Make the best use of Swindon's resources inside and outside the Council".

Diversity Impact Assessment

10.6 The DfE's funding reform programme is aimed at simplifying fair funding although funding changes at individual settings is inevitable. The reform programme is clearly aimed at ensuring funding is targeted at disadvantaged pupils and at pupils with low prior attainment and/or special education needs in order to narrow the attainment gap between these and other pupils.

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Risk Management

- 10.7 The key risks arising from this report are that local decisions relating to Post 16 funding could lead to an overspend on the 2014/15 DSG and/or that the EFA could deem that our funding arrangements do not comply with the school finance regulations requiring budgets to be recalculated.

11. Consultees

- 11.1 The Board Director Finance, Revenues, Benefits and Property (Section 151 Officer), Board Director, Commissioning (Director of Children Services) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

12. **Background Papers**

- 12.1 Various documents issued by the Department for Education which were summarised in previous reports to the Schools Forum