

# Post 16 High Needs Funding Update

**Schools Forum**

**Date: 12<sup>th</sup> July 2016**

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Author:	Strategic Commissioner – SEN, Head of Finance - Education
Wards:	All
Locality Affected:	All
Parishes Affected:	All

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## **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 2016/17 financial year.
- 1.2 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”.

## **2. Recommendations**

The Schools Forum is recommended to:

- 2.1 Note the LA's latest estimate is that a total of 367 FTE post 16 (excluding sixth form) high needs students will need to be financed during the 2016/17 academic year, as detailed in Para. 3.1 – 3.6.
- 2.2 Agree the 2016/17 indicative banding values shown in table 2 and note that these will be reviewed if there is significant variance due to actual take up of places as detailed in Para. 3.7 – 3.13.
- 2.3 Note that the estimated annual net costs of 40 places at ISPs is £0.460m and will be charged to the 2016/17 financial year budget as detailed in Para. 3.7 – 3.13.
- 2.4 Note the annual allocations for FE College and Training Providers totalling £1.345m will be charged to the 2016/17 financial year as detailed in Para. 3.7 – 3.13.
- 2.5 Note a contingency budget of £0.193m for 65 identified high needs students with no confirmed destination in the financial year as detailed in Para. 3.7 – 3.13.
- 2.6 Note the overall financial year and academic year budget position shown in Table 2 as detailed in Para. 3.7 – 3.13.

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## 3. Detail

### 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 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 2016/17 Financial Year Allocation

- 3.3 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.

### Funding Available 2016/17

- 3.4 The total funding available for 2016/17 financial year for post 16 providers (excluding school sixth forms) is £2.000m.

### Planned Placements 2016/17

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Further information on the subject of this report can be obtained from Lyn Frith, Education Commissioner, 01793 463217, [lfrith@swindon.gov.uk](mailto:lfrith@swindon.gov.uk).

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3.5 The table below shows how the LAs latest 2016/17 commissioning plan compares to the EFA approved places;

Table 1 – Indicative 2016/17 Academic Year FTE Placements					
	EFA	Jun-16	Projected	Variance	Notes
	Approved Places2016	Actual Placements	Sep-16 Placements	To EFA Approved	
Cirencester College	14	6	3	-11	1
New College	45	67	83	+38	
Swindon College	148	129	139	-9	
Wiltshire College	3	19	7	+4	
<b>Colleges Total</b>	<b>210</b>	<b>221</b>	<b>232</b>	<b>+22</b>	
<b>Training Providers Total</b>	<b>10</b>	<b>36</b>	<b>30</b>	<b>+20</b>	
ISPs	19	15	3	-16	2
UET	24	28.6	37	+13	3
<b>ISP's Total</b>	<b>43</b>	<b>43.6</b>	<b>40</b>	<b>-3</b>	
Unknown destinations			65	+65	4
<b>Overall Total</b>	<b>263</b>	<b>300.6</b>	<b>367</b>	<b>+104</b>	

3.6 The LA expects to fund element 3 top ups for a total of 367 students during the 2016/17 academic year which is an increase of 104 over the EFA approved placements collated through the High Needs Return in October 2013.

- Note 1 – 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 2 – A total of 3 ISP placements are now expected which is 16 below the number commissioned. Element 1 and 2 is funded on a lagged basis in the same way as FE Colleges and training providers.
- Note 3 – The EFA currently fund 24 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 4 – There are 65 students identified as meeting the high needs criteria where a post 16 destination is not yet known.

## Members of the Schools Forum are now asked to:

- **Note the LA's latest estimate is that a total of 367 FTE post 16 (excluding sixth form) high needs students will need to be financed during the 2016/17 academic year.**

### Proposed 2016/17 ISP costs

- 3.7 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 2016 are estimated at 40 places with 2016/17 financial year costs of £0.460m.

### Proposed 2016/17 FE College and Training Provider costs

- 3.8 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 **£2.000m**
  - Less term 5 and 6 costs from the 15/16 academic year **£0.684m**
  - Balance available for terms 1-4 of the 15/16 academic year **£1.315m** (September-March)
  - Less ISP costs September – March (see table 2 below) **£0.272m**
  - Balance available for FE Colleges and Training Providers September – March **£1.043m**

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## Indicative Funding Allocations 2016/17

- 3.9 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 2016/17 academic year yet. The table below provides the LA's best estimates which are as follows;

Table 2 – Indicative 2016/17 Academic Year Allocations					
	Actual Places June 2016	Latest Estimated places Sept 2016	2016/17 Financial Year payment April – August	2016-17 Financial Year payment Sept - March	Financial Year Total April 2016 – March 2017
Cirencester College	6	3	£6,312	£5,933	£12,245
New College	67	83	£133,050	£331,922	£464,972
Swindon College	129	139	£173,117	£379,129	£552,247
Wiltshire College	19	7	£58,295	£17,173	£75,468
<b>FE College Total</b>	<b>221</b>	<b>232</b>	<b>£370,774</b>	<b>£734,157</b>	<b>£1,104,932</b>

<b>Training Providers Total</b>	<b>36</b>	<b>30</b>	<b>£125,501</b>	<b>£115,290</b>	<b>£240,791</b>
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ISPs	15	3	£72,594	£52,516	£125,110
UET	28.6	37	£115,262	£220,141	£335,403
<b>ISP Total</b>	<b>43.6</b>	<b>40</b>	<b>£187,856</b>	<b>£272,657</b>	<b>£460,513</b>

Contingency	0	65	0	£193,679	£193,679
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<b>Overall Total</b>	<b>300.6</b>	<b>367</b>	<b>£684,131</b>	<b>£1,315,783</b>	<b>£1,999,915</b>
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- 3.10 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 £1.999m and will be on budget.
- 3.11 A contingency budget of £0.193m has been developed for the period September-March for the identified pupils who are high needs where a destination has yet to be confirmed.
- 3.12 A new local funding formula was devised and implemented in September 2014 to distribute the available funding to FE Colleges and Training Providers.

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Based on current projections of student numbers it is not possible to maintain the 15/16 banding values within the financial envelope. However this will be revised following enrolment in the new academic year. The resulting funding values for September 2016 are proposed as follows;

<b>Table 3 – Proposed 2016/17 post 16 post school High Need Band Values &amp; Supplements</b>			
<u>Universal Banding Descriptor</u>	<u>Values 2015/16 AYR</u>	<u>Indicative Values 2016/17 AYR</u>	<u>Difference in Value</u>
Band 1 – 100%	£8,155	£7,910	-£245
Band 2 - 90%	£7,340	£7,119	-£221
Band 3 - 60%	£4,893	£4,746	-£147
Band 4 – 37.5%	£3,058	£2,966	-£92
Band 5 - 30%	£2,447	£2,373	-£74
Band 6 – 15%	£1,223	£1,187	-£36
<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

3.13 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.

- 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.

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**Members of the Schools Forum are now asked to:**

- **Agree the 2016/17 indicative banding values shown in table 2 and note that these will be reviewed if there is significant variance due to actual take up of places.**
- **Note that the estimated annual net costs of 40 places at ISPs is £0.460m and will be charged to the 2016/17 financial year budget**
- **Note the annual allocations for FE College and Training Providers totalling £1.345m will be charged to the 2016/17 financial year.**
- **Note a contingency budget of £0.193m for 65 identified high needs students with no confirmed destination in the financial year**
- **Note the overall financial year and academic year budget position shown in Table 2.**

## **4. Alternative Options**

- 4.1 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.

## **5. Implications, Diversity Impact Assessment and Risk Management**

### Financial and Procurement Implications

- 5.1 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.
- 5.2 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.

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## Legal and Human Rights Implications

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

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

- 5.4 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.

## Diversity Impact Assessment

- 5.5 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.

## Risk Management

- 5.6 The key risks arising from this report are that local decisions relating to Post 16 funding could lead to an overspend on the 2016/17 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.

## **6. Consultees**

- 6.1 The Board Director, Resources (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.

## **7. Background Papers**

- 7.1 None.

## **8. Appendices**

- 8.1 None.