

Schools Forum			
REPORT TITLE	High Needs Sub Group - Annual Report		
KEY DECISION	Yes	Item No.	6
CLASS	Part 1	Date	8 December 2016

1. Purpose of the Report

To consider the recommendations of the High Needs sub group on the banding review, the savings needed to the High Needs funding block for next year and to agree the work plan for the High Needs sub Group.

2. Recommendation

The Schools Forum

1. Note the financial pressure created by the growth in pupil with Education, Care and Health Plans of £1.7m.
2. Agree that to address the growth pressure the following savings be made
 - a) A reduction in Special Schools(excludes new woodlands) budgets of £0.5m
 - b) That £1.0m of the capital expenditure from Revenue (CERA) budget in the Schools Block of the DSG is used to offset the pressure
 - c) Note the saving agreed last year on Alternative Provision of £0.2m covering both Abbey Manor college and New Woodlands
3. That the banding model for Specials Schools described in paragraph 6 be implemented from the 1 April 2017
4. That the new funding rates initially be set (prior to the saving in recommendation in 2a above) as per Model 5
 - i) Band E - £6,200
 - ii) Band F - £15,200
 - iii) Band G - £27,900

5. That if the budget reduction of £0.5m to the Special School budgets is applied the rates will be
 - i) Band E - £5,859
 - ii) Band F - £14,742
 - iii) Band G - £26,365

6. Agree that an application be made to the DFE to dis-apply the minimum funding guarantee for special schools

7. That progress on the resource base banding review be noted

8. To thank the members of the task group for their work during the year

9. To ask the members of the task group if they wish to continue on the group

10. For the Forum to confirm the membership of the task group

11. To ask the task group over the coming year
 - a. To implement the banding review in resources bases, maintained schools and ensure that the funding is linked across all providers, including alternative provision providers to ensure fairness and transparency

 - b. To continue to consider how the financial pressures of the high needs block should be addressed.

 - c. To consider any new national consultation on the high needs block and to respond as appropriately and assess the impact for Lewisham.

 - d. To review the Local Authority's place planning numbers in respect of High Need Funded places.

3. Background – the task group

- 3.1 The Task Group was set up in 2013 by the Schools Forum to review the costs of funding high needs pupils. Specifically the group were asked to make recommendations on how the costs could be reduced to meet the funding provided by Central Government.

- 3.2 While maintaining the remit of ensuring the high needs block is financial balanced the group were asked to undertake a review of the current way high needs pupils are banded and consequently funded and draw up plans for implementing the new system.

4 Current financial Position

- 4.1 The current financial forecasts indicate that the High Needs block will only have a marginal overspend at the year-end (2016/17). There should however be a note of caution with this as there is always uncertainty over any predictions of increases in number of pupils that will require support between now and the end of the financial year.
- 4.2 When calculating the sum required for next year's budget growth in pupil numbers need to be taken into account. There is an element of inherent uncertainty with making predictions of growth. In order to do this sensitivity analysis is applied to understand the range of likely financial consequences. Forecasts are built up under the scenario thought most likely to occur and then both a worse case and best cases are considered.
- 4.3 Under the most likely scenario it is anticipated that there will be growth of 110 high needs pupils per year. The table below shows likely best and worst case scenario's and the related financial costing.

Table 1

	Pupil Numbers growth		Financial Consequences			
	Nov 16 to Mar 17	April 17 to April 18	Full year effect of current pupils £'000	December 16 to March 17 pupil growth £'000	April 17 to April 18 growth £'000	Total funding needed £'000
Best Case	37	90	284	518	630	1,432
Most Likely	46	110	284	644	770	1,698
Worst case	54	130	284	756	910	1,950

- 4.4 Initial proposals were put forward last year to address this growth. One saving of £700k related to Special School and Resource Bases by reducing the number of commissioned places but this has not been possible with the extra growth in pupils. It was planned to use more of the collaborative funding this year but the final budget decisions of the Forum last year was that all the collaborative funding should be delegated to schools. This was to alleviate some of the financial pressures schools were facing due to a reduction in the funding allocated by the formula through the deprivation indicators.
- 4.5 There is a savings agreed last year that falls in 2017/18 relating to the alternative provision (AP) review and this amount to £165k and is available to offset the funding pressure.

- 4.6 The savings now required are as follows

	£'000
Cost Pressure	1,698
Less Alternative provision saving already agreed	165
	1,533

5. High Needs Block Saving Proposals

The High Needs sub group considered the savings need on the 18 November 2016 and have recommended the following saving be taken

Table 2

	£m	Comment	Rationale
Special Schools budgets	0.5	This would be achieved by reducing the banding rates	The carry forwards in Special Schools is 17% of the total Special Schools budget, although it is known that some schools have built up reserves for specific purposes indicating they are living well within their means.
Schools CERA	1.0	This funding is not in the high needs block but the schools block. The total sum is £1.5m and is held central by the LA. The DFE will no longer allow us to hold this. This was subject	Rather than address the balance on the high needs budget by reducing schools budgets this funding could be used before the remainder of the budget is given to schools. This may be considered less painful

		to a separate report to the Forum in June 2016. This report is shown in Appendix B to this report and discussed further under the budget setting paper on this meeting's agenda	as it is money schools have not had to date. Cross subsidisation of the funding blocks is still allowed for next year
TOTAL	1.5		

6. Banding Review

- 6.1 The SEND Strategy 2016 to 2019 set out the local authority commitment to children and young people with SEND. As an part of the action plan for the delivery of the strategy it was agreed that a review of the current banding system should be undertaken to ensure equity, transparency and fairness across all schools sectors and the banding levels should be based on the needs of pupils.
- 6.2 This section of the report sets out the work undertaken to review and implement a universal banding system across all Lewisham schools.
- 6.3 One of the key principles of the banding review was that any proposals should be **cost neutral** over the total budget across all schools, although there may be impact on individual schools.
- 6.4 The other main principle was to ensure that there is greater clarity in the system of which band a pupils fits into and to make sure that the system was easy to moderate.
- 6.5 The clarity will be provided by ensuring the banding system is transparent, equitable and fair. To help this it was agreed there should be a single banding systems for all schools (special, mainstream and resource base) rather than having separate banding models for each of the three provisions.
- 6.6 **Approach to Review**

The High Needs Sub group oversaw the work of the banding review and work included

- Consulting with a Primary Sub-Group
- Consulting the Special Heads Group
- Recruiting an Independent Officer to undertake reviews

- Sampling and Moderation
- Cost mapping provision
- Resource Base Provision SLT meeting
- Consultation on Draft revised Lewisham Model of Banding Descriptors
- Banding of all Special school pupils
- An appeals process for banding decisions
- Walk around special schools by Heads and officers to view the differences

7. Funding

- 7.1 The information below sets out the different levels of banding used for mainstream, special schools and resource bases and the work undertaken across each of the areas to progress the review and implementation of the SEND banding.

8 Mainstream School – Funding and Banding

The level of funding a mainstream school receives for a child with an Education, Health, care plan (EHCP) is determined by the level of needs as outlined in the EHCP/SEN. Decisions in respect of which level and how much funding a school should receive is decided by the SEN Panel. The LA has now moved away from 'number of hours' and to Low, Moderate and High levels of support. The funding levels for each of these are currently within a range, as demonstrated below:

Table 3

Current Banding Level	Funding	Proposed Banding Level
Low (up to 19 hours)	Up to £4,859	Band B
Moderate (20-25 hours)	£5,430 to £8,288	Band C
High	£8,860 to £12,574	Band D

The Primary Sub Group has had 3 meetings to date and have further meetings scheduled for December and early Spring Term. The work undertaken with the Primary Sub Group was to consult on the Banding Descriptors draft document as well as input in the wider implications for mainstream school settings in respect of ensuring that the revised banding model is effective and robust. The Primary Sub Group continue to contribute to their work and are working up samples of pupil profiles for the different banding levels.

9. Special Schools Banding and Funding

9.1 At the meeting of the High Needs Sub group on the 25 September 2016 it was agreed that the LA should reduce the 9 levels of banding to 3 for children within a special school. The rationale for reducing the levels of bands were as follows

- (a) Currently the bands used across Lewisham special schools are within the upper bands of the current systems with much fewer children in the lower band groups.
- (b) When looking at the trends in respect of those children who are placed in the lower bands they tend to be in the older age group. Therefore, this could be an indication that the needs of children with SEND are becoming more complex and that there is an increase in the number of children with higher level of needs. It is a national pattern that children with lower levels of SEND are increasingly accessing places in a mainstream school. .

9.2 The current bands and the attached the top up funding rates are as follows

Table 4

Diagnosis	Funding	Band
MLD1	£0	Band 1
MLD2, SLD1, ASD1, BESD1	£3,104	Band 2
SLCN Cog	£4,991	Band 3
HI/VI1, Med/Phys & Cog	£6,621	Band 4
SLD2, ASD2, BESD2	£7,402	Band 5
HI/VI2	£18,344	Band 6
PMLD1, SLD3 – Aut/BEHR	£19,222	Band 7
PMLD2 Hi Care	£23,396	Band 8
SLD4, SLD Hi Care, ASD3	£28,726	Band 9

These rates excludes the £10k place led funding.

Key of abbreviations

ASD	Autistic Spectrum Disorders
MLD	Moderate Learning Difficulties
SLD	Severe Learning Difficulties
BESD	Behavioural Emotional And Social Difficulties
SLCN	Speech, Language & Communication Needs
HI	Hearing Impaired
VI	Visually Impaired
PMLD	Profound And Multiple Learning Disabilities

- 9.3 The headteachers of the 4 special schools have taken the lead in this review of the banding. Their time and commitment to the banding reviewing has been appreciated by the members of the sub group and without their cooperation it would not have been possible to have developed of detailed descriptors for children and young people who require a special school. A copy of the banding descriptors are attached to this report.
- 9.4 The recruitment of the Independent Adviser has enabled a totally independent view of each of the 4 special schools.
- 9.5 In order to ensure that review was robust it was agreed that this could not be done by sampling but that every child or young person with a SEN/EHCP would need to be looked at to consider the most appropriate level of banding.
- 9.6 There are approximately 520 children in Lewisham special schools (September 2016). The review has led to individual review of each of the 520 children on roll in special schools, looking at level of need against the proposed descriptors and banding levels undertaken by the Independent Adviser.
- 9.7 Moderation of these results have been undertaken by a series of Panels with representation from Principal Educational Psychologist, SEN Operational Manager and SEN Advisor led by the Consultant Senior Education Adviser.
- 9.8 The purpose of the appeal panels is to allow each school to make representations on those children or young people they consider have greater need and this may need to be re-considered in respect of the banding level set by the review. The appeal panels included representatives from the following services/designations:
- Headteacher
 - Educational Psychology
 - SEN/CWCN
 - Therapist Service

The final outcome for each schools will be agreed by the Panel and fed back shortly after each Panel meeting.

10. Resource Base Provisions

10.1 As part of the overall banding review it is expected that children or young people within the Lewisham Resources bases are brought into line with the universal banding system. As part of this review work has been undertaken by meeting with the Senior Leads for resource bases to talk through the progress of the banding review as well as possible implications for each of the resource base provisions. Senior Leads have also contributed to the Banding Descriptors draft document and were consulted on which banding group they would consider children or young people within their resource base to be placed in. The feedback highlighted that most would consider children from Band D extending possible to Band F, in some instances. However, it is important to bear in mind that the LA must consider parental preference which could mean that children or young people with a high level of need access a school place.

10.2 The current per pupil funding in the resource bases is as follows:

Table 5

Primary

Athelney	18 places	ASD	£10,726.00
Coopers Lane	35 places	ASD	£17,728.00
Kelvin Grove	18 places	ASD	£10,726.00
Perrymount	10 places	Complex medical/physical	£18,920.00
Rushey Green	8 places	Oral	£7,649.00
Torridon Infants	10 places	ASD	£10,726.00
Torridon Juniors	6 places	ASD	£10,726.00
Tidemill Academy	11 places	Speech & Language	£8,600.00

Secondary

Addey & Stanhope	25 places	Speech & Language	£11,389.00
Conisborough	35 places	ASD	£8,085.00
Deptford Green	14 places	Dyslexia	£6,387.00
Sedgehill	9 places	Hearing Impairment	£13,857.00

The review of the resource bases will not be completed next year and it is felt that it is too early to build proposals into next year's budget at this stage

11 Consultation on the Banding Descriptors

11.1 The following agencies and services that contributed to the banding descriptors.

- Speech & Language Therapist
- Community Paediatricians
- Drumbeat Outreach
- Occupational Therapist
- Primary Sub Group (Heads/Deputies & Inclusion Managers)
- Secondary Schools (Heads Group)
- Resource Base Leads
- Educational Psychology
- Special Educational Needs Team

12. Financial Modelling of the bands

12.1 The overall principle of the banding review was to ensure that it was cost neutral accepting that this may mean that funding would transfer between schools.

12.2 In all 5 models were tested to see the impact of different funding rates and how sensitive the models were to change.

12.3 Model 5 was considered by the High Needs sub group to be the most appropriate. The funding rates used in Model 5 (see table 2 below) are most closely linked of all the models tested, to the existing funding rates. It was also felt that it had the greatest rational as the existing funding rates was been built on a needs led model.

12.4 In looking at funding rates there was a balance taken to avoid unintended consequences. It was felt that the top banding rate should not be reduced too much to avoid the problem of more pupils going out of borough and resulting in more costs being borne by the high needs block. There was the desire of sub group not to have too big steps in the funding rates between the bands to avoid the incentive for schools in the future to try and justify pupils falling in the higher bands. With only three bands in the system there is an acceptance that this could not be entirely alleviated.

The table 6 below shows the banding that the new pupils have been allocated to. The process of the banding review is still being quality assured this main mean that some pupils may move between bands. If this happens it will mean that the funding rates have to be adjusted to continue to make the review cost neutral. It is expected that any changes will be marginal.

Table 6

New Banding	Brent Knoll	Drumbeat	Greenvale	Watergate	Total
Pupil Numbers					
Band E	32	39	21	0	92
Band F	74	103	30	21	228
Band G	39	29	60	79	207
	145	171	111	100	527
Percentage					
Band E	22%	23%	19%	0%	17%
Band F	51%	60%	27%	21%	43%
Band G	27%	17%	54%	79%	39%

- 12.5 Table 7 looks at the old banding of the pupils and allocates them to three bands so they can be more easily compared to the new bands. These three assumed band has been created by looking at the old bands funding rates which neatly falls into three different levels).

Table 7

Old Banding	Brent Knoll	Drumbeat*	Greenvale	Watergate	Total
Pupil Numbers					
Band 1 to 5	88	20	40	4	152
Band 6 to 7	0	0	19	15	34
Band 8 to 9	57	162	52	81	352
	145	182	111	100	538
Percentage					
Band 1 to 5	61%	12%	36%	4%	29%
Band 6 to 7	0%	0%	17%	15%	6%
Band 8 to 9	39%	95%	47%	81%	67%

- 12.6 The bandings for pupils at Drumbeat shown in Table 7 above are the bands that the school self-assessed and claimed for. In funding the school these were adjusted on an agreed approach to reflect what was believed to be a truer reflection of the pupils needs. This has already resulted in the Drumbeat budget being modified by £1.6m. Under the “old” banding Drumbeat’s top-up would be calculated at £4.7m while they are being funded at £3.1m.
- 12.7 The five models that were created as part of the review are shown below with the consequently impact on the schools.

Table 8

Banding rates	Model 1	Model 2	Model 3	Model 4	Model 5
Band E	£ 5,470	£ 5,098	£ 5,000	£ 8,000	£ 6,200
Band F	16,410	17,313	14,800	16,200	15,600
Band G	27,350	26,529	29,400	26,400	27,900

	Change in Funding £	Change in Funding £	Change in Funding £	Change in Funding £	Change in Funding £
Brent Knoll	265,685	288,584	211,455	294,055	250,555
Drumbeat	- 403,290	- 348,598	- 528,000	- 353,800	- 442,300
Greenvale	243,562	213,580	308,392	233,392	267,592
Watergate	- 110,324	- 156,220	17,816	- 189,784	- 83,884
	- 4,367	- 2,654	9,663	- 16,137	- 8,037

- 12.8 All the models have a similar trend, they increase the funding at Brent Knoll and Greenvale and reduce the funding at Drumbeat and Watergate
- 12.9 Overall the banding review has placed more pupils in the higher bands resulting in an increase of £800k, in order to fund this increase and keep the review cost neutral the funding rates have been reduced.
- 12.10 Looking at the banding there are now far more pupils in the middle band. This is particular true of Brent Knoll and accounts for their increase in funding. Watergate banding remains largely unchanged, the budget reduction is a consequence of the reduction in funding rates. Drumbeat loses funding due to the reduction in banding rates as the sum currently taken out of their budget matches the change the review has also determined. Greenvale has seen the number of pupil in higher bands increase but this has been modified by a reduction in the funding rates. Greenvale though sees an overall increase.
- 12.11 The overall model is not particularly sensitive to changes to the funding rates, largely the same schools lose under each model which leaves the banding of pupils as the most significant determinate. It is true though that Watergate budget is more sensitive to the changes in the top up rate particularly the top band. This is where 80% of their children are placed so is not entirely a surprising outcome.
- 12.12 New Woodlands has not been part of this banding review at the moment but funding rates at the school will be brought in line at a later date
- 12.13 It is important to note that these are funding exemplifications at this time as there are a number of bandings of pupils still under review.

12.14 As some of Special Schools will see a fall in funding of more than the minimum funding guarantee (MFG) of -1.5%, the DFE has been contacted to see whether an exemption to the MFG is required under the banding proposals. At the time of writing this report this is still to be confirmed. If an exemption is needed the agreement of the Schools Forum is required and the Forum are hence asked to confirm they are in agreement that an application be made to the DFE to dis-apply the minimum funding guarantee for special schools.

13. **Work plan of the High Needs Sub Group**

The purpose of the task group is consider how the expenditure on high needs children can be contained within the proposed value of the High Needs Block and that best value can be achieved. It has the objective to agree an annual work plan based on the current needs and priorities of high needs funding block and to secure the support of the Schools Forum for its proposals.

The sub group view this as the priorities for the coming year and seek the Forums' agreement to the following work

- a. To implement the banding review in resources bases, maintained schools and ensure that the funding is linked to the alternative providers
- b. To continue to consider how the financial pressures of the high needs block should be addressed
- c. To consider any new national consultation on the high needs block and to respond as appropriately and assess the impact for Lewisham.
- d. To review the Local Authorities place planning numbers.

The current members of the task group are as follows

Jon Sharpe	Headteacher	Brent Knoll
Lynne Haines	Headteacher	Greenvale
Jan Shapiro	Headteacher	Addey and Stanhope
Ruth Holden	Headteacher	Bonus Pastor
Kathryn Wong	Executive Headteacher	King Alfred Federation
Janaki Monk	Assistant Principal Inclusion	Haberdashers' Aske's Hatcham College
Liz Jones	Headteacher	Abbey Manor College

Although not an official member of the group the Headteacher at New Woodlands has attended the meetings

The Schools Forum are invited to confirm the membership and to appoint a further Special School representative as Jon Sharp leaves at the end of this calendar year

14 Conclusion

The financial constraints that the public sector is operating under are not expected to ease over the next few years. The problem for the High Needs Block is that the growth in expected pupil numbers is higher than the general growth in the pupil population, partly reflecting the SEN reforms. It is believed nationally that the level of funding will be capped or only a small amount of growth allowed for. The planned review of funding of the high needs block could result in a likely redistribution of resources amongst authorities though at best the level of resources is likely to be cash frozen over the next few years.

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