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| **AGENDA ITEM 5** |

**Title of report: Consultation on the changes to the use of the high needs funding block including a reduction to the SEND banding allocation to schools**

**Author of the paper: Christine McInnes**

**Officer to present the paper to Schools Forum: Christine McInnes**

**Details on who has been consulted with on this paper to date:**

Sailesh Patel, John O’Shea

**Executive Summary:**

**The report sets out:**

The rationale for consultation on changes to the use of the HNFB including a proposal to reduce the SEND top up funding given to schools across all bands

**Details of recommendations and timescales for decisions:**

Schools Forum is asked to:

Comment on the proposal to consult

1. **Background – the current use of the HNFB, budget pressures and actions to address these.**
   1. The HNFB is a fund from central government to support provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25, enabling both local authorities and providers to meet their statutory duties under the [Children and Families Act 2014](http://www.legislation.gov.uk/ukpga/2014/6/contents/enacted). High needs funding is also intended to support good quality AP for pre-16 pupils who cannot receive education in schools. Guidance form the DfE confirms the need for LAs to collaborate with institutions to keep their provision and costs under review, to develop more efficient ways of working and to provide better outcomes for children and young people.
   2. We know that there is increasing pressure on high needs funding - an issue that is not unique to Tower Hamlets, with some other local authorities exceeding their high needs budget by more than 25 per cent.
   3. Whilst there have been increases in the HNFB (High Needs Funding Block ) they are not related to pupil numbers and so the financial pressures are growing with an estimated overspend of £3.5m at the end of the current financial year. The LA will use underspends in the central budgets to reduce this amount with the balance overspend to be rolled forward and will need to be managed in future years.
   4. In 2017-18 the LA working with HT undertook a review of the use of the HNFB and a number of actions were agreed with Schools Forum (report attached as an appendix) which are being implemented between 2018-2020. The actions agreed are:
   5. To reduce the size of the budget retained by the LBTH (through a review of the Support for Learning Service including the Behaviour Support Team).
   6. To expand the number of special school places to accommodate an additional 120 students by 2021 in areas of identified special need (through specialist pupil place planning)
   7. To undertake a review of the specialist SEMH schools and places in order to establish a sustainable provision.
   8. To review the resource bases in school and ensure more equitable top-up funding and a greater responsiveness to future SEND need.
   9. For the FAP Review to report on ways to reduce the proportion of pupils and their length of stay in AP as well as the size of the allocation for AP from the HNFB.
2. **The current position**

2.1 All of the above actions have been progressed and in addition there is increasingly closer alignment between the Early Years Service and the work of the SEND Service to improve early identification and intervention to reduce later demand where this is appropriate.

2.2 Phoenix and Stephen Hawking schools have been expanded with plans underway to expand Beatrice Tate and establish a Hearing Impairment Unit at Children’s House nursery school in order to better meet demand effectively within the borough.

2.3 The reviews will be published between mid-March and the end of the academic year with action plans for implementation.

2.4 With regard to the SLS, a detailed analysis has been taking place about the current work of the service, how it aligns to current statutory requirements and pupil needs and what gaps there are which schools currently purchase from other suppliers. Interviews have taken place in a cross section of circa 10% of schools to gain a more in depth understanding of the views of school colleagues. The analysis phase is coming to an end and the LA is working of proposals for consultation. Once the proposals are agreed the timeframe for implementation would mean that changes are likely to be in place for the financial year 2020-21.

2.5 Alongside this, the council has commissioned Grant Thornton to undertake a review of SEND transport to identify appropriate resourcing to run an efficient and effective service.

2.6 Many of these actions are structural and will have impact in the longer term, but the budget pressures are more immediate and so the LA is now looking at the main expenditure against the budget which is the funding devolved to schools.

2.6 £32.32m of a £50.53m budget is devolved to schools as top up funding and making a 3.5% reduction in September 2019 would reduce the budget pressure by £1.13m per annum and so in order to fulfil its Best Value duty the LA has to consult on a proposal to take this action and Schools Forum is asked to support the consultation. The LA would also want to take the opportunity to start addressing some of the historic funding anomalies which has resulted in significant variation in funding between similar provisions.

2.7 It is proposed to have one consultation that addresses both the reduction in funding to schools and the changes to the SLS as both are funded through the HNFB.

1. **Proposed next steps.**
   1. Whilst there is a statutory duty to undertake a public consultation on changes to SEND funding and proposed changes to the SLS, the LA wants to invest in ensuring the consultation is an opportunity to identify the potential for alternative ways of making changing the allocation of funding (to move towards fairer distribution which is more closely aligned to need) as well as reductions in spending. This is a model which has been used successfully in other parts of the country.
   2. The model for consultation being developed is to run 8-10 events over a one month period (likely to be May 2019) which would mainly focus on facilitated, problem solving activity which illustrate the dilemmas currently being faced by the LA in the allocation of the funding for SEND prior to presenting the options the LA has identified. This will provide structured opportunities for alternatives to be identified as well as the case for ring fencing certain aspects of provision which may be more expensive.
   3. Both proposals (reduction to school funding and a review of the SLS) have been taken after considerable deliberation and after all other options have been exhausted.