

## **RECOUPMENT OF COSTS FOR CHILDREN BELONGING TO OTHER LOCAL AUTHORITIES**

### **Purpose of the Report**

1. To seek approval to retain the existing arrangements for recoupment of special needs funding by the Local Authority, on behalf of schools, where the financial responsibility rests with the other Local Authority.
2. To seek approval for the Local Authority to top-slice from the High Needs Funding block to pay for the administration of this service to schools.

### **Information and advice**

3. If a pupil requires top-up funding above the basic entitlement (elements 1 and 2 for mainstream schools, and 'place funding' for special schools), the Commissioning Authority, i.e. the authority with financial responsibility for the child, (usually the child's home authority), is responsible for the cost of the high needs, or 'top-up' element. Under the new funding reforms implemented in April 2013 the school is responsible for dealing directly with the commissioning authority, and thereby receiving funding direct from that authority.
4. Following consultation with schools, a paper was brought to Schools Forum on 6 February 2013 to recommend that the LA could carry out this recoupment on behalf of schools free of charge for a year (2013-14) subject to this becoming a sold service arrangement thereafter.
5. A further paper was brought to Schools Forum on 4 December 2013 noting that this change was to come into effect from 1 April 2014. Discussion at this meeting resulted in a recommendation that a further paper be brought to Schools Forum on 6 February 2014 laying out the various options for recoupment.
6. Data has been gathered on estimated numbers of pupils who attend a school in a different local authority to their home authority:  
*Nottinghamshire pupils attending mainstream schools in other authorities:*  
Numbers of pupils = 78  
Total value of top-up funding = £524,962  
*Nottinghamshire pupils attending maintained special schools in other authorities:*  
Numbers of pupils = 94  
Total value of top-up funding = £1,236,372  
*Non-Nottinghamshire pupils attending Nottinghamshire mainstream schools:*  
Numbers of pupils = 162

Total value of top-up funding = £825,897

*Non-Nottinghamshire pupils attending Nottinghamshire special schools:*

Numbers of pupils = 74

Total value of top-up funding = £770,699

7. The Local Authority currently provides funding to schools in other authorities in respect of Nottinghamshire resident children whose needs warrant high needs funding. The source of this funding has, hitherto, been the money recouped from other authorities whose resident children attend Nottinghamshire schools.
8. **Option 1:** All schools are individually responsible for recovering top-up costs from the Commissioning Authority. The implication of adopting option 1 would mean that schools would no longer be able to access Additional Family Needs (AFN) or High Level Needs (HLN) funding from Nottinghamshire in respect of pupils who are the financial responsibility of another local authority. The school would negotiate levels of funding separately with the commissioning authority. If recoupment systems operate fairly across local authority borders there would be no financial benefit to a school in recouping funding directly from another authority.
9. In Nottinghamshire, funding for pupils with needs at AFN levels is devolved to Families of Schools according to a formula which was agreed at Schools Forum on 4 December, 2013. In cases where a school negotiated a level of recoupment which was commensurate with AFN funding, the school would need to inform Nottinghamshire Local Authority so that a corresponding sum was removed from the Family of School's devolved AFN budget.
10. The implication of option 1 for Nottinghamshire special schools would be that the value of any negotiated recoupment from other local authorities would be deducted from the school's overall budget which has been calculated regardless of where each child lives.
11. **Option 2:** The Local Authority continues to recoup special needs funding on behalf of all Nottinghamshire schools, and funds the administration of this service from the existing High Needs block rather than charging individual schools on a case by case basis.
12. **Option 3:** The Local Authority continues to recoup special needs funding on behalf of Nottinghamshire schools, and funds the administration of this service by charging individual schools on a case by case basis.
13. The administration of recoupment for all Nottinghamshire mainstream and special schools has been estimated to be two days a week of officer time, costed at £20,000 per annum. This equates to 0.064% of the combined AFN/HLN/Special school budget. There are efficiencies in this administrative process as it is currently carried out by the same staff who administer recoupment requests from other authority schools in respect of Nottinghamshire resident children.
14. If an individual charge were to be applied 'per case' for this recoupment service, the costs would fall disproportionately on those schools which sit at local authority borders where there is a higher likelihood of children attending a school in a neighbouring authority. The 'per case' charge at current levels would be £85.

There would be additional costs incurred for the administration of a recoupment service which charged individual schools according to the number of cases they had, as compared with a 'collective' recoupment service.

15. Anecdotal evidence suggests that the move away from inter-authority recoupment by other authorities has resulted in some schools finding the additional task of negotiating recoupment problematic and time-consuming. This has been the case in particular for small schools who have limited administrative capacity.
16. By administering a recoupment service on behalf of schools, the Local Authority has been able to maintain an overview of net movement across its borders, and has been able to exert pressure towards a consistency of funding for children with equivalent needs regardless of where they live.

## **Recommendation**

### **That the Schools Forum:**

Approves the recommendation to adopt Option 2 with effect from April, 2014. This will mean minimal change to existing arrangements, and an efficient administration process whose cost is spread across all schools.

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