



Report to: Schools Forum

Date of Meeting(s): 29th November 2018

Subject: School Funding DSG – High Needs Block Update

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Summary: To update Schools Forum on the High Needs DSG budget for 2019/20 and provide further information on the position and financial plan

Recommendation(s): For Schools Forum to agree to a top slice from the schools block to support the high needs budgetary pressures.

To appoint sponsors from Forum to work with Finance and the SEND to help support reviews of areas and link into the SEND transformation work

Implications:

*What are the **financial** implications?* Dependent on the outcome of this Forum meeting

*What are the **staffing** implications?* TBC

Risks: n/a

Please list any appendices:-

Appendix number or letter	Description
A	SEND Financial Plan 2018-2020

1. Introduction

- 1.1 This report provides the information that would be submitted to the Secretary of State if there is no agreement to top slice the high needs block or the amount requested is rejected.
- 1.2 The report contains a detailed financial plan with different savings scenarios. It would be very beneficial to appoint sponsors from Forum to work with Finance and the SEND to help support reviews of areas and link into the SEND transformation work.
- 1.3 The report is based on a template from the Department for Education in respect of disapplication

2. Detail to be considered by Forum and the Secretary of State

details of any previous movements between blocks, what pressures those movements covered, and why those transfers have not been adequate to counter the new cost pressures; for example, if mainstream school exclusions have increased leading to more expenditure on alternative provision

a full breakdown of the specific budget pressures that have led to the requirement for a transfer this should include the changes in demand for special provision over the last three years, and how the local authority has met that demand by commissioning places in all sectors (mainstream and special schools, further education and sixth form colleges, independent specialist provision and alternative provision)

Significant Pressure Areas

Special School Places

Funding

We have taken in an extra 65 students since 1 Sept 2016. We have 737 students in special schools. On average a special school place costs about £21k per year. We operate a banding system loosely linked to need as do most local authorities. Most Local Authorities use such a system but vary significantly in how bandings work. Work is ongoing reviewing not just special school provision but also resourced provision and mainstream support. It is an extremely complex area and with a significant funding deficit this makes it more difficult exploring alternative funding models. For 2018/19 we have worked closely with schools to agree alternative funding packages due to the

significant pressures faced on the block. Our special schools have or are reaching capacity.

Demand

There is a higher percentage of children and young people attending special schools in Wigan than in other local authorities in England at 2.1% compared to 1.3% nationally and 1.4% in the North West (school Census 2017).

The pressure on special school places in the Borough is intensifying with a particular shortage of places for children and young people with social, emotional and mental health needs (SEMH). The Borough has a high percentage of children and young people identified as having a primary need of SEMH (20.6%).

We are currently using more external provision to fulfil our statutory duties, which is three times more costly for a full time place than a special school. We need to engage further with mainstream schools to explore offering more additional options, such as resourced provision. Special school provision is currently being reviewed in terms of capacity and condition.

Demand for special provision has increased over the last three years as follows:

- EHC funded plans in mainstream schools - 420 (1 April 2015) to 623 (1 April 2018) at an increased cost of £0.726m.
- Special Schools – 672 (1 Sept 2016) to 737 (1 Sept 2019 estimate) at an increased cost of £1m
- Post 16 - 193 (15/16) to 258 (17/18) at an increased cost of £0.9m
- Independent School placements – 42 (16/17) to 55 (18/19 estimate) at an increased cost of £0.2m. The budget has been managed well but demand, capacity and parental preference has put more pressure on this area.

Education, Health and Care plans

Nationally there were 285,722 children and young people with statutory Education, Health and Care (EHC) plans and 34,097 children and young people with statements of special educational needs (SEN) maintained by local authorities as at January 2018. This gives a total of 319,819, an increase of 32,529 (11.3%) from 287,290 as at January 2017.

Wigan has experienced an increase of 9.5% since January 2017. Since the release of this data we now have 1,767 plans.

<https://www.gov.uk/government/statistics/statements-of-sen-and-ehc-plans-england-2018>

The statistics above show an interesting picture in relation to plans -

- Wigan received 340 referrals in the calendar year 2017 and of this only 28 were refused (8.2%) the NW average is 21.1%
- Only 1 plan was discontinued in calendar year 2017.
- 34% of children with plans are in a mainstream school settings against the NW average of only 24%

Early Years

Targeted Individual Support funding was set up to target children within their reception year to see if their needs would be long term (requiring additional support) or could eventually be met from within school's resources. The funding was allocated for 3 terms with the view that after the 3 terms the children would, in some cases not require resources above the universal offer.

Over the years the number of children requiring the funding has increased. As funding only runs to the end of reception, schools then immediately apply for EHC assessment to ensure the funding continues.

We have tried a few strategies to manage EHC requests, such as extending funding until the end of the Autumn term in Year 1, outreach etc. However the requests are continuing to increase year-on-year along with the need for a higher level of funding, which has been impacted by the lack of special school places.

In addition, we are receiving increasing requests for nursery provision in our special schools. We will work with our health colleague to avoid this being a recommendation and we plan to work with our early years providers to support a more inclusive offer as the alternative.

Alternative Provision

The current provision at KS2 and KS3 Three Towers is full. This is with 8 additional places at KS3. We are now paying for individual tutors and other independent provision to meet current demand.

We have reduced the number of places that we commission from our main alternative provision provider. After a review of our payments to them in comparison to other providers nationally, it was felt that although we would reduce the number of places commissioned, we would need to increase the price per place as we agreed that this was unfair. It is important to note that we have very few options here as the main provider is an academy and can

determine the level of top up, however they have worked with us to keep this at a price that continues to be reasonable.

The issue is the increased demand which means that we are now using other providers who although reasonably priced, are an addition to what we had to pay for 2 years ago.

Independent school provision

This is linked to the above issues, as we try to manage increased demand and provision the only alternative is to use independent schools. We have an extra 13 placements compared to the projections used for budgets last year, however our average costs per place have reduced. An increase in this provision will also result in additional transport costs.

The majority of placements are for SEMH (50-60%).

There are currently 55 FTE students budgeted for 2018/19 at a cost of £2.1m.

We are working with providers to bring independent provision into the borough at a reasonable cost to avoid expensive out of borough (OOB) placements and additional transport costs that are funded direct by the local authority. We have spent £60k more on transport compared with this time last year.

Post 16 provision

There is continued demand for young people staying on to 6th Form and Further Education, which also increases the cost of top ups. As with most local authorities Post 16 funding has always been inadequate since the High Needs funding regime was introduced some years ago. This issue has never been addressed. It is also unhelpful that the DfE refuse to recognise the demand pressures across the maintained sector for High Needs places, instead of asking Local Authorities to use their 'flexibilities' within their existing funding.

a strategic financial plan setting out how the local authority intends to bring high needs expenditure to levels that can be sustained within anticipated future high needs funding levels the local authority should demonstrate an assessment and understanding of why the high needs costs are at a level that exceeds the expected final high needs funding allocation, and that plans are in place to change the pattern of provision where this is necessary, as well as to achieve greater efficiency in other ways

This is set out at the end of the report

The local authority in consultation and in co-production with our partners and our children, young people and their families has developed a transformation

plan for SEND in Wigan (Appendix 1). We are confident that the programme will help significantly to manage the pressures, improve the effectiveness of the system, improve outcomes and result in efficiencies. We have a real challenge as a system in supporting and enabling schools to be continue to be inclusive. We want to meet the needs of children and young people in mainstream and to give parents the confidence that this will happen and schools the tools and resources to sustain it. We know that this will be a challenge with the current offer, parental demand, and with the new EHCs driving up expectations, together with earlier diagnoses of SEND across younger children and the current backdrop for schools in regard to nationally led accountability. This is against overall funding to authorities remaining relatively static.

as part of the review and planning process, the extent to which collaborative working is being developed as a means of securing suitable high needs placements at a cost that can be afforded. we expect effective partnership between the local authority, those institutions offering special and alternative provision (including mainstream schools), and parents; and between the local authority and neighbouring authorities

We are undertaking a benchmarking exercise with our special schools in comparison to other local authorities to develop a funding plan that is sustainable and fair. Our current special schools have cooperated over the last 2 years with a reduction to the planned place funding that we allocate when we are asking them to admit pupils above their originally agreed numbers.

any contributions from health and social care budgets towards the cost of specialist places

There are no contributions from health or social care towards the cost of specialist places. However we are working with colleagues in health to establish a joint panel which will discuss funding.

Senior officers from the Clinical Commissioning Group (CCG) and Education undertook a joint audit at one of our special schools to look at how needs were identified and funded and this will inform future joint commissioning across education.

how any additional high needs funding would be targeted to good and outstanding primary and secondary schools that provide an excellent education for a larger than average number of pupils with high needs, or to support the inclusion of children with special educational needs in mainstream schools examples of schools that illustrate how the local authority would support such inclusive practice are also useful

We are currently reviewing special school, resourced provision and EHC funding to try and create a system based on need not type of provision which ultimately would support inclusion. As the block is currently overspending it is very difficult to shift funding. This is made more difficult by the principles of Minimum Funding Guarantee for special schools (over 50% of the high needs block is spent on special school provision).

As part of the SEND strategy, alternatives would be to support schools with funding differently so that we are supporting need in school directly i.e. through plans (not necessarily EHCPs) that are funded at a higher rate or through resourced provision spread more equitably across our system. We must try to stem the demand for EHC referrals and plans.

We also want to offer 'interim' funding to those schools asked to take children who we know will need support through transition or whilst assessments are being undertaken.

We want to move away from a system that has to wait for formal diagnoses before the child, school and parent gets the support they need. We know that this leads to a greater chance of placement breakdown and ultimately a more expensive placement.

We need the cooperation of all of our colleagues to change our system and this is a big challenge. We want parents and pupils to feel confident that they have a great offer in mainstream (where appropriate) and that they feel included and supported. We know that to achieve this we need to enable schools to offer the support and this will take a shift in the way we use our funds.

details of the impact of the proposed transfer on individual schools' budgets as a result of the reduction in the available funding to be distributed through the local schools funding formula

The average reduction to primary schools of a £0.5m top slice is £2,386 and secondary £12,950 for £1m it is £4,739 and £26,029. It is important to note that no school will be paid less than their 2018/19 budget allocation due to the extra 0.5% and application of the proposed formula.

the extent to which schools more generally support the proposal, including details of the outcome of local school consultations, the options or proposals that were subject to consultation, how many schools agreed, disagreed or did not respond

Forum to feedback

SEND TRANSFORMATION FINANCIAL PLAN & TIMELINE

Appendix 2 and 3 show the budget lines, proposed savings, comments and impacts. Appendix 2 is based on a £0.5m top slice and Appendix 3 is based on £1m

EHC plans

The growth in referrals and funded plans is not financially sustainable.

Our recent Ofsted report stated “Parents typically have the perception that an EHC plan and access to a special school provide a ‘golden ticket’. This myth is perpetuated by the LA’s over-willingness to carry out assessment for an EHC plan, even when not in the child’s best interests.”

We must start to look for alternative options than EHC plans and improve the process

ACTIONS

- a more clearly defined assessment criteria and a more rigorous checklist/triage and reviewing plans on a timely basis
- a system for new referrals
- training to have a different conversation with parents and schools
- schools must engage and not simply signpost to a plan as the first solution
- an exceptional funding system (this would support mainstream schools)
- spend to remain at the current level
- referral and plan numbers to be shared every month with finance
- review banding amounts and levels

TIMELINE

For implementation by April 2019

Special School Placements

Review of funding for special schools and mainstream linked in with EHC plan funding. This requires more support from SEND professionals to help construct and examine other models. This will not save money but redistribute how we allocate funding with potential a shift to mainstream provision to encourage inclusion.

However we will be restricted due to MFG (minimum funding guarantee) though we can apply to the Secretary of State for a disapplication.

ACTIONS

- A review of the funding model is continuing
- Option 1 would look to reduce the budget by at least 1.5%
- Option 2 we could retain the current allocation

TIMELINE

April 2020

Resourced Provision

We currently have 39 places and the latest figures show 11 unfilled.

Resource Provision is funded based on filled and unfilled places - £16,025.

If filled (based on census data) the school receives £6k base and will receive £4-5k per the funding formula. The balance is paid as top up.

If unfilled the school received £10k per place from the high needs. Places filled through the year will be paid via Top Up funding.

ACTIONS

- Clearer offer
- Access
- Where are the gaps? Can we increase current RP?
- Identify what schools are willing to help
- Capital investment
- Occupancy levels – why unfilled
- To remove the provision at 1 unused provision and provide alternative financial support
- Funding - Moving forward we will only pay top up based on occupancy across the year

TIMELINE

April 2020 (time to review building capacity)

Independent Schools

Investing in special school capacity (including more resourced provision) and more effective demand management should reduce the demand for places and avoid expensive placements which can cost three times more than our internal provision. Currently spend in this area is £2.1m so reducing demand will be a real cost saving. A reduction in spend is a real measure of success across other areas

- urgent review of all cases to assess if we can return children to provision in the borough and why an offer was not available
- Reduction in demand and cost savings to be set from Sept 19

TIMELINE

Review by June 2019

Engagement Centres

These centres should ultimately provide a level of saving as children are managed before transferring to our AP or special school provision. This should stem demand and over time reduce the need for places at special schools like Newbridge and our AP providers.

ACTIONS

- Review in 6-9 months and share information with Schools Forum

TIMELINE

- As above

Post 16

A recent audit report did highlight efficiencies around process, administration and contract negotiation. Finance are working with the team to ensure these are realised.

ACTIONS

- Target a reduction in expenditure of £100k
- due to use of supported internships, apprenticeships and more efficient processes

TIMELINE

- April 2019

Support Services

The TESS, Sensory Support and EMAS teams have a staffing resource of £2.7m. These services have still to be reviewed. The TESS team receives a contribution from the schools block as does EMAS. The TESS and EMAS team do recharge schools for extra support but it is minimal.

As part of a Fresh Look across Traded Services with Schools we have added these areas. There will be a restructure of teams and services linked to this and the SEND Transformation programme.

There are 2 options – both will impact on the support offer to schools

ACTIONS

- Remodel services to improve the effectiveness
- Integration with other teams and services
- Option 1 20% reduction or Option 2 10% reduction

TIMELINE

- September 2019

Outreach Services

No agreement has been made on the future of this service which currently costs £384k across the 6 special schools.

ACTIONS

- Redesign and create a new model
- Remove funding to reinvest/support pressure
- Option 1 would be to remove the full budget, Option 2 would be to reduce the budget by £200k

TIMELINE

- April 2019

Charging

Introduction of a charge for all students that access alternative provision at three towers for any reason Introduced April 2018. This will generate £4k per place and will be built into future budgets. AWP recovery will also be brought into the budget. This is estimated at £380k

SIGNIFICANT RISKS

- Increase in demand for EHC plans and the unit cost
- Increase in demand for special school places
- Increase in demand and unit costs for external placements
- Delays in timing affect savings delivery
- Redundancy and Capital Costs
- Increase in complaints to Ofsted
- Legal Challenges
- National Funding Formula
- Implications for demand in reducing central services