



Report to: Schools Forum
Date of Meeting(s): 11th October 2018
Subject: School Funding DSG – High Needs Block Update
Report of: James Winterbottom – Director Children and Families
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Summary: To update Schools Forum on the High Needs DSG block position

Recommendation(s): For Schools Forum to note the contents of the report and to discuss the proposal to top slice the schools block for 19/20.

Implications:

*What are the **financial** implications?* Dependent on the outcome of this Forum meeting and production of a SEND strategic financial plan

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

Risks: n/a

Please list any appendices:-

Appendix number or letter	Description
N/A	

1. Introduction

- 1.1 This reports provides a summary of the latest position on the High Needs Block.

2. Budget Detail 2018/19

- 2.1 Table 1 below shows the latest projected outturn position and the projected budget for 2019/20 based on latest information. The budget set in 2018/19 showed a projected deficit to be addressed through finding efficiencies within the block. Any savings that have been made have simply offset the increasing pressures on the block. The overall position is a reported £1.3m overspend due to a large increase in the number of special school placements and EHC plans. Extra income from the Alternative Provision charges and a positive year end position on DSG has helped to reduce this but the position is still one of much concern. Section 2.3 explains some of the significant variations. The budget for 19/20 also shows a deficit and this is after accounting for the full allowable 0.5% movement from the schools block (see 2.2). No savings have been included in any of the lines. This also includes an element of growth. The final allocation will be released in December.

Table 1

Analysis by Divison: Assistant Director - Education				
	Cost Centre & Description	2017/18 Outturn	2018/19 Budget - Jan 18	2018/19 Projected Outturn
1	Maintained Special Schools	13,166,984	13,417,310	13,945,000
2	Post 16 Base Funding Top Ups External	2,871,530	3,126,739	3,200,000
3	Independent School Provision	1,860,655	1,755,604	2,105,604
4	EHC plan support in schools	2,758,184	2,331,484	2,831,484
5	Alternative Provision - Pupil Referral Unit	985,599	962,277	876,277
6	Sensory Support Team	817,970	791,970	791,970
7	Targeted Educational Support Services	724,250	617,682	617,682
8	Other Support Services	896,900	861,174	891,174
9	Resourced Provision	444,975	256,925	260,392
10	Equipment	102,636	110,000	70,000
11	Disproportionate SEN	100,000	150,000	150,000
12	Recharge for Deficit	-	1,035,032	735,032
13	Contribution from Schools	-	500,000	500,000
14	Income - Charges	- 302,703	-	384,000
	Expenditure	24,426,980	24,916,196	25,590,615
	Income	- 23,463,000	- 24,257,000	- 24,263,000
	Surplus / Deficit	963,980	659,196	1,327,615

2.2 Movement between blocks

The schools block will be ring-fenced from 2019 to 2020, but local authorities will continue to retain limited flexibility to transfer up to 0.5% of their schools block funding into another block, with the approval of their schools forum. The indicative schools block estimate for 2019/20 is £201.084m. 0.5% would equate to £1.005m. For 2018/19 Schools Forum agreed to a £0.5m contribution. Please note that members need to consult with their sectors to agree any movement from the block.

In light of the position outlined in 1.1 and the budget requirement for 2019/20 we would propose a minimum contribution of £0.5m but will be considering the full 0.5%. Significant savings also need to be made from the block to help balance the budget.

This position is not unique to Wigan. Below is a list of local authorities in the NW who are consulting on a transfer.

Table 2

Authority	2018/19		2019/20
	Transfer from school block to High Needs	% of the transfer to HNB	consulting re: transfer from schools block to HNB
Bolton	Y	1.0%	1.0%
Oldham	Y	1.0%	1.0%
Salford	Y	0.5%	0.5% may be higher
Blackburn	Y	0.5%	0.5% may be higher
Blackpool	Y	0.5%	up to 1%
Cheshire East	Y	0.5%	0.5%
Stockport	Y	0.5%	0.5%
Wirral	Y	0.5%	0.5%
Rochdale	Y	0.5%	0.5%
Trafford	Y	0.5%	0.5%
Cheshire West	Y	0.5%	0.5%
Sefton	Y	0.5%	0.5%
Wigan	Y	0.25%	0.5%
Lancashire	Y	cira 0.1%	0.5%
Manchester	N	-	0.5%
Tameside	N	-	0.5%
Cumbria	N	-	0.5%
Calderdale	N	-	N
Knowsley	N	-	N

If Forum disagreed with the top slice proposals a disapplication request needs to be made by 30th November and the following information submitted.

Evidence to be submitted to the Secretary of State if a disapplication request required.

1. ***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***
 - £0.5m was transferred in 2018/19. Please see Table 1 and narrative below

Significant Pressure Areas

Special School Places

Funding

We have an extra 65 students since 1 Sept 2016. We currently have 737 students in special schools. On average a special schools place costs about £21k. 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%).

There is a significant risk that if places can't be offered we may need to use external provision to fulfil our statutory duties which is three times more costly for a full time place or we need to engage more with mainstream schools to explore alternative options for example Resourced Provision. Special School provision is being reviewed in terms of capacity and condition.

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 the release of this data we now have 1767 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 over and above elements 1 and 2.

Over the years the number of children requiring the funding has increased and as the funding only runs to the end of reception, the schools have immediately applied for EHC assessment to ensure the funding continues.

We have tried a few strategies to "manage" EHC requests ie. extending the funding until the end of the Autumn term in Year 1, outreach etc but the requests do not seem to be reducing and in fact are increasing year on year with the need for a higher level of funding also (this has also 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.

Independent school provision

This is linked to the above issues as we struggle to manage with 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 extra transport costs.

The majority of placements are for SEMH (behaviour) 50-60%.
There is currently 55 FTE 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 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 really 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.

Most Local Authorities are faced with exactly the same issues as Wigan. Attached is a recent benchmarking report undertaken by Bolton in conjunction with the NW finance leads group.

2. ***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)***

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 19 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)

3. ***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***

TO BE COMPLETED AND SUBMITTED TO FORUM MEMBERS FOR CONSIDERATION AT THE NEXT FORUM

The local authority in consultation with partners has developed a transformation plan for SEND in Wigan. We hope that the programme will help us manage the pressures, improve the effectiveness of the system and result in efficiencies, but with ever growing pressures, largely through parental demand, and with the new EHC s driving up expectations, together with earlier diagnoses of SEND across younger children, the pressures on the area will continue to grow. This is against overall funding to authorities remaining relatively static.

4. ***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.

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, 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.

5. ***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.

6. ***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 MFG 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.

7. ***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 is £2,386 and secondary £12,950 for the £0.5m and £4,739 and £26,029 for a £1m reduction

8. ***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