

<b>Committee:</b>	School Forum
<b>Meeting Date:</b>	13 January 2015
<b>Title:</b>	High Needs Block Funding and Future Strategy
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<b>Decision making / consultative / information:</b>	Information - except 8.1 and 8.2 – Decision Making

## 1. What is the Forum being asked to decide?

- 1.1 Schools Forum is being asked to note the current pressures and demand on the High Needs Block for 2014-15 and the direction that will be taken by the LA and working with high needs providers, and mainstream schools to manage those pressures in 2015-16 and subsequent years.
- 1.2 Forum is being asked to agree the proposals for the use of the additional £2.6 million, already allocated to the High Needs Block at its meeting on 15<sup>th</sup> July 2014. Forum should note that this paper proposes that this funding be allocated to a range of areas and provision to meet the pressures faced by the High Needs funding block, and not only to special schools as the July paper implied.

## 2. Reason for recommendation

- 2.1 The High Needs Block outturn for 2014-15 is forecasted to be overspent by between £2.5m - £3.5m. Reasons for the overspend and the planned next steps are identified in this paper.
- 2.2 Under the School Funding Reforms, the High Needs Block contains all of the funding to meet the needs of those pupils/learners with the greatest needs across the County. We are currently in the process of conducting a programme of work, to forecast the demand for future provision for children and young people with special educational needs and/ or disabilities. It is intended that this process will enable us to quantify with greater certainty, the future demands for specialist places, and to develop plans for how best to provide these.

- 2.3 Further work will in the near future be required to develop new models of provision and it is intended that these will be the subject of consultation with Head teachers and Governors during the spring and summer terms. Local data and intelligence confirms that we need to develop a strategy to reduce the volume of children and young people needing to be educated in out of county specialist settings (208 during the 2013/14 academic year).
- 2.4 The intended actions will give us a robust and sustainable budget for 2015-16 and, should we collectively manage demand as planned, will remove the need for any further top slicing of the schools block to pay for an overspend. The status quo is not sustainable and a change in approach to meeting the needs of children and young people with SEND needs is required.
- 2.5 Without intervention, the county will be unable to meet the rising need for this group of young people to enable progress in the kind of local learning environment which will best meet their learning requirements, is fit for purpose, and which parents and carers are asking for.

### **3. Alternative options**

- 3.1 If schools and the LA cannot work closely to manage demand and manage the pressures in the system an alternative would be to reduce funding to the Schools or Early Years Blocks to increase the funding for the High Needs Block. Where possible we will seek to avoid any future top slicing of the schools block through a reduction in AWPU, which is the least favourable option as previously discussed. Unless the proposed actions are successful, the LA will have no other option other than to proceed with the top slicing of the Schools or Early Years funding blocks.
- 3.2 It should be made clear that if demand cannot be met, further savings from within the High Needs Block would need to be found. Capping top up payments, alter or remove banding amounts, review existing provision and places are some of the options which would need to be considered.

### **4. Who will be affected by this decision?**

- 4.1 All academies, free schools, maintained schools, including Special Schools and Pupil Referral Units (PRUs). Pupils with Special Educational Needs (SEN) and or complex needs will be affected as well as DSG funded CYP services. It is important be aware that this is not simply an issue for special schools, PRUs or high needs providers. Increasing pressures on the High Needs funding block impact on all the finances of all schools and educational service providers.

### **5. Main body of the Report**

- 5.1 The attached briefing paper provides further context in addition to the planned actions to be taken to reduce the pressures on the High Needs Funding block.

## **6. Timeline**

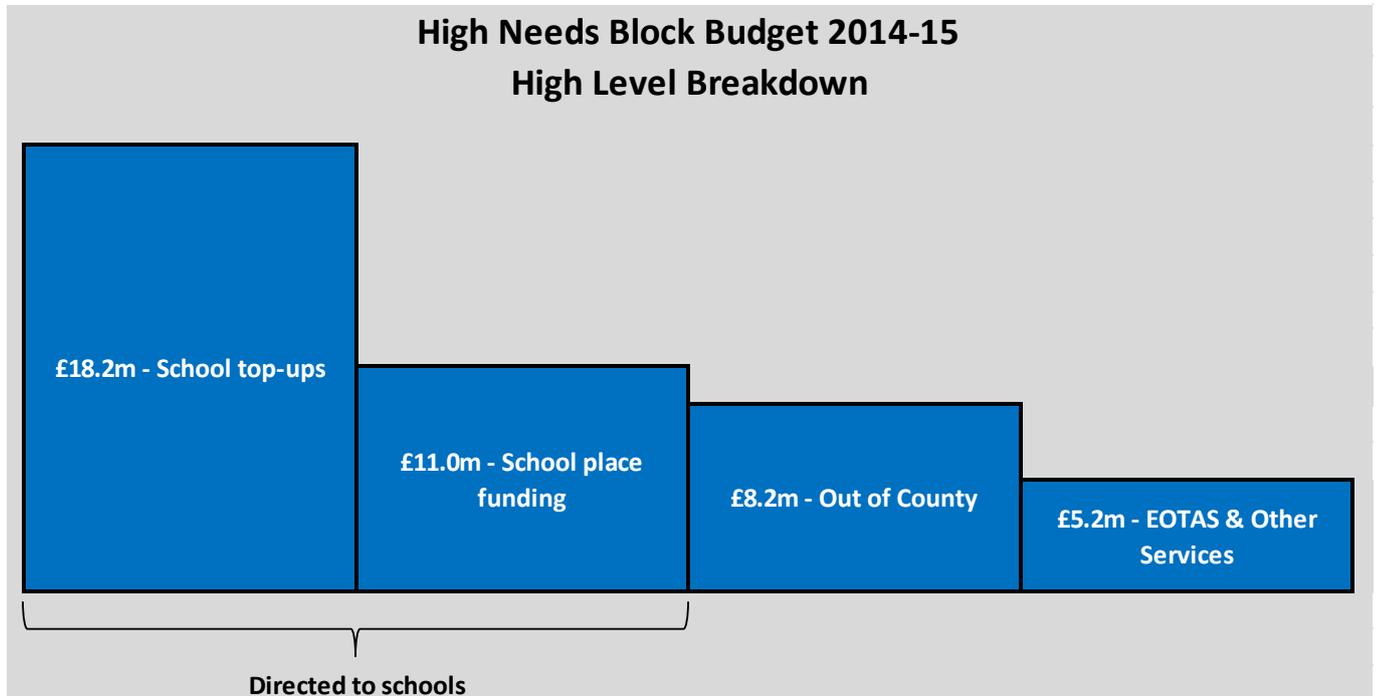
- 6.1 In May 2014, Suffolk Council commissioned a strategic review of the delivery of alternative provision and education otherwise than at school (EOTAS) services, systems and processes in Suffolk with an educational inclusion focus. The objective was to consider how the existing service, systems, policies and processes could be re-configured to build on any already in place existing good practice, respond to local needs and meet the requirement to provide suitable full time suitable educational provision to all pupils needing to be educated otherwise than at school.

Key considerations for this work stream were to consider the interface with the High Needs Block (HNB) and to explore the key drivers underpinning the increasing financial pressures such as rising permanent exclusion figures and the need for an increased volume of out of county specialised provision places to be secured for vulnerable learners. Further considerations will also be required whilst taking account of the changing national policy landscape for the EOTAS agenda, local needs and national funding changes that were introduced from April 2013.

- 6.2 At the July 2014 meeting of the Schools Forum, it was agreed that a draft action plan would be developed with a focus of implementation of the working together for inclusion report recommendations and proposals. A number of the proposals from the draft action plan feature in the main body of this report.
- 6.3 At the October 2014 meeting of the Schools Forum, it was agreed that in support of the Working Together For Inclusion action plan, that a list of carefully considered and evaluated actions would be proposed and presented to the Forum at the January meeting, with a focus on addressing a number of the immediate high level challenges faced by the High Needs Block.

## High Needs Block – Current financial position

6.4 The DSG High Needs Block allocation to the LA for 2014-15 is: £42.544m (See table below for breakdown).



- **£29.2m** is attributable to schools through top up and place funding. The largest single component of spending in the High Needs Block is top up funding. This block of funding includes Mainstream, Special Schools, PRU's, Specialist Units, Post 16 provision and Academies.
- **£8.2m** is Out of County placements only and does not include any support related budgets.
- **£5.2m** includes EOTAS, other support services, i.e. Pupil Services, Inclusion Service, Sensory Service, Equipment budgets etc

6.5 Additionally there is £3.5m of Special School Academy budgets (funded directly from the EFA) and also £3.6m of County Council base budget funding which funds Education Psychologists, some EOTAS transport and also staffing in Inclusions and Sensory Teams. Both the EFA and base budget funding falls out of scope of this paper.

6.6 The High Needs Block is looking at a forecasted overspend in 2014-15. Currently the level of overspend is forecast at between £2.5m - £3.5m. The main areas of concern are:

- Out of County Placements - **£1.4m overspend**
- Top Up payments - **£1.8m overspend**
- Education Other Than At School (EOTAS) - **£0.6m overspend**

These overspends are offset by underspends in other areas of the High Needs Block

6.7 With regard to top up payments, £1.0m of this overspend is in relation to mainstream schools and academies. Before funding reforms through the SEN Audit, there was a capping element applied. This capping no longer exists resulting in the overspend and this needs to be looked at as part of the next steps and savings.

### **Identifying savings**

6.8 Financially it is important that a long term approach is taken in relation to the future strategy, looking at investment, deployment of funds and also savings. However if there are opportunities for savings / redeployment of funds in the shorter term, then these should be considered.

6.9 Savings / redeployment of funding that needs to be considered in the short term include:

- £1.8m (current forecast overspend) capping top ups paid to schools including Post 16.
- £0.65m removal of mainstream band 1
- £0.68m by stopping residential provision at 2 of our Special Schools
- £0.25m due to under occupancy in Specialist Support Centres (SSCs)
- £0.3m by applying Minimum Funding Guarantee (MFG) to Special Schools, PRUs and Specialist Units
- £0.07m with the introduction of a new SLA for PRUs
- £0.03m by removing top up funding for Specialist Units

6.10 All proposed changes will be subject to an appropriate level of stakeholder communication and where appropriate consultation.

6.11 Implementation of some of these savings could vary during the 2015-16 financial year if we cannot meet the demand pressures.

6.12 If the budget is not balanced in 2015-16 this could lead to a potential AWPU reduction in 2017-18.

## **7. Planned actions**

7.1 The planned actions below have recently been discussed with local high needs provision providers as a pre – cursor to being presented to Schools Forum. The proposals outlined in this document have been developed by the Local Authority with the support of local Schools, Schools Forum, schools and in conjunction with a reference group of high needs providers.

7.2 The planned actions are what the LA intend to progress over the coming months in order to realign current High Needs Funding in support of current and forecasted priorities in response to meeting the needs of local children and young people with SEND and/ or AP needs. All actions will be subject to a formal Equality impact and risk assessment process in order to minimise the potential for any form of risk or detriment to service users, schools and all stakeholders. Business continuity and contingency plans will be developed to support the actions being implemented.

### **7.3 Fair Access Protocol reforms**

The creation of the FAP designed single referral pathway for vulnerable learners to access alternative provision (and over time specialist provision) should lead to a reduction of learners being permanently excluded from mainstream school settings. Where delivered effectively on a national level evidence suggests improved school confidence in equitable distribution of local vulnerable learners and an increase in the local AP capacity from settings working in an integrated format.

### **7.4 Decommission the work of existing special support centres (SSCS)**

Currently a number of these provisions are under occupied and the £1.4 million annual investment could be better redeployed to contribute to the development of additional and/or new provision in response to local needs. The eight centres will need to be decommissioned and suitable education provision secured for the existing 103 learners to continue their education and learning. The current level of under occupancy is at a cost of approximately £0.25m to the High Needs funding block.

### **7.5 Decommission existing residential provision for MLD special school learners**

This type of provision is no longer a priority for Suffolk's children, young people, families and schools as would have been the case in previous years. This is a potential luxury resource which would fail to meet any essential requirement criteria for high needs funding. The current level of High Needs funding investment across the two existing MLD residential settings is approximately £0.68m.

### **7.6 Development of locality continuum of provision assessment centres**

This approach will require each locality to have in place an assessment centre programme, which will serve as the gateway for vulnerable learners to access alternative and where appropriate specialist provision. Development of assessment centre models are well under way with a number of our PRU/AP estate consortia. Where possible and appropriate localities should explore the scope for deploying an assessment centre that is co-produced and facilitated by locality AP/PRU and Special school providers, to ensure an integrated approach.

### **7.7 Vulnerable learner Banding system reform**

A commissioned task and finish group will be looking at this agenda with a view to effectively moderating the current system and seeking to develop an integrated approach, that covers learners requiring access to additional support and resource attending mainstream school settings, AP/ PRU settings and Special Schools. The task and finish group will be reporting findings and recommendations in the 2015 spring term period. The group will also be seeking to identify and recommend the most efficient, effective and robust moderating and gatekeeper processes, introducing capping arrangements for top – ups in the mainstream sector.

### **7.8 Explore the potential for Suffolk learners being educated in specialist out of LA provision to be reintegrated into local settings, as a result of improvements in the local offer:**

We are current profiling and assessing the needs of the 236 learners being educated in non -Suffolk provision, to ascertain the potential for any of this cohort to be able to access provision in Suffolk. The progression of the local offer added to reasonable adjustments being made to learner support plans, may enable a number of learners to return to the county for future education. This proposal is not driven by

finance, but one that is in the best interests of learners to return to their localities and social groups as soon as is feasibly possible, rather than deferring the problem.

**7.9 Development of a needs- led new provision feasibility report**

There is a need for consideration to be given to developing new provision in response to local pressures, which underpin the volume of current learners needing to be educated in non-Suffolk settings. Local data outlines the need for specialist BESD and ASD provision. Options will need to be explored, such as the development of additional resource provision (ARPs) with a designation, extending and/ or changing the designation of existing specialist provision, development of integrated AP/PRU and Special school services.

**8. High Needs Block – financial future**

8.1 As agreed by the Forum previously £2.6m of the additional £10.5m has been allocated to the High Needs Block. Initially the £2.6m will be used as follows:

- £1.0m – to assist in increased capacity building in developing High Needs Provision in response to previously advised priorities. This will include ensuring that the funding is directed where needed most to support vulnerable learners in Suffolk and reducing the need for expensive out of county placements. As previously mentioned this needs to be agreed once more after it was implied that all of the £1.0m was to be allocated to special schools.
- £0.35m – targeted support for mainstream schools with a high proportion of pupils with SEN. (See Paper D – 24<sup>th</sup> April 14 Forum)
- £0.3m – to support post 16 top ups to bring in to line with actual DSG allocation as this budget has been underfunded.
- £0.95m development funding with a focus on addressing specific provision pressure points such as BESD, ASD, Post 16 and SEND reforms.

8.2 The tables below shows 2014-15 forecast outturn, the 2015-16 budgets, year on year change and details regarding those changes. Even with the investment of £2.6m, it can be seen that based on 2014-15 spending levels there would still be a £0.8m shortfall. By either managing the demand in the High Needs Block or incorporating savings options, hopefully this gap could be closed reducing the need of top slicing or reallocation of the blocks.

Area	2014-15			2015-16	
	Budget	Forecast	Variance	Budget	Yr on Yr change
School Top Up	18,221,481	19,999,229	- 1,777,748	17,740,314	- 481,167
Place Funding	10,954,833	10,954,833	-	13,086,000	2,131,167
Out of County	8,208,658	9,559,000	- 1,350,342	8,208,658	-
Central in. EOTAS	5,159,599	5,463,864	- 304,265	5,159,599	-
Investment in to new Provision				950,000	950,000
<b>Total</b>	<b>42,544,571</b>	<b>45,976,926</b>	<b>- 3,432,354</b>	<b>45,144,571</b>	<b>2,600,000</b>

<b>School Top Up</b>	-	<b>481,167</b>
PRU reallocation	-	1,131,167
Targeted Support		350,000
Post 16 realignment		300,000
<b>Place Funding</b>		<b>2,131,167</b>
PRU reallocation		1,131,167
Specialist Provision demand		1,000,000

8.3 The PRU reallocation represents the change in place funding from £8,000 per place to £10,000 from September 2015. This reallocation is cost neutral as the increase in place funding needs to be met by reducing top up budgets.

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## **Schools Forum Briefing Paper: Preparing to Meet Future Need**

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### **1. Context**

- 1.1 As has previously been reported in considerable depth to Forum, the County is facing considerable demographic pressures with regards to the rising numbers of children and young people presenting with more severe and complex needs, particularly on the autism spectrum (ASD), BESD and with speech language and communication difficulties (SLCN).
- 1.2 In recent times there has been an ongoing increase in the complexity of learner need that has being presented from early years upwards, with an increase in the number of statements that have been required for pre-school age children. These will progressively feed through and place considerable pressure on the resources available within the High Needs Funding Block.
- 1.3 Our specialist provision, in maintained special schools and resourced provisions attached to mainstream schools are generally full and/ or inadequately populated and this is leading to an increase in the number of expensive out-county placements that are required to meet learner need.
- 1.4 This paper does not go into the detail with regards to the origins of the pressures placed on the High Needs Funding Block, as this agenda has in recent months been subject to considerable exposure and scrutiny. The primary focus for this paper is to set out a series of planned actions to be led by the LA to decommission non- essential provision, explore scope for the development of new provision in response to local needs and to realign resources with the greatest priorities.
- 1.5 Without intervention, the county will be unable to meet the rising need for this group of young people to progress in the kind of local learning environment which will best meet their learning requirements, is fit for purpose, and which parents and carers are asking for. Moreover, the lack of local provision is likely to result in further expenditure on costly placements in the independent and non-maintained sector.
  - The current trends in the identification of SEND within the county indicate an increasing pressure on the available high needs provision in Suffolk. Without a strategy to align provision with future needs, the county will be unable to meet the rising need for children and young people with SEND to progress in the kind of local learning environment which will best meet their learning requirements, is fit for purpose, and which parents and carers are asking for.
  - We have legislative obligations to meet (in particular the Raising of the Participation Age (RPA) and the SEND reforms) which require us to undertake forward planning on the extent and range of our provision
  - Independent and non-maintained placements are costly and long-term local solutions could at least relieve pressure on the High Needs Funding block and at best, realise significant financial savings

## **2. Gaps in Current Provision**

- 2.1 The county has a number of key gaps in its current provision for children and young people with Special Educational Need and Disability (SEND). In 2013-14 Suffolk spent £9.2 million (£7.85 million budget) on placements for children and young people needing to be accommodated in specialised out of county provision. Current out of LA placements total 236 learners coming to a total of £13,173,855 (including transport costs) at an average of £55,821 per pupil for financial year 2014-2015 .
- 2.2 Some pupils will appear twice due to moving placements in the financial year. Transport cost of £1,857,763 based on 64% of schools (some transport costs not available). The forecast expenditure for 2014/15 is expected to increase considerably on the 2013/14 financial outlay for this cohort. A significant proportion of the increase is due to a rise in the number of placements made in the day sector for pupils with BESD or ASD. Increasing numbers of statemented children may mean the county continues to make increasing use of the out of county independent and non-maintained sector more in the future, unless options for reconfiguration of local maintained provision are explored.
- 2.3 Autism Spectrum Condition/ Speech Language and Communication Difficulties  
There has been a growth in the number of children and young people diagnosed with autism and speech, language and communication difficulties in Suffolk. Nearly 60% of children with statements in the primary sector have been identified as having such needs. We currently have more primary school places than secondary provision available, but it appears likely this demand will soon feed through into the secondary sector. We also lack provision for the 16-25 year old group.
- 2.4 Raising of the Participation age (RPA)  
The Raising of the Participation age (RPA) programme began in September 2013, and is expected to be fully implemented by 2015. Young people will have a duty to participate in education and training up to age 18. The responsibility for encouraging, ensuring and supporting their participation falls to the local authority. We have a particular problem with gaps in provision for young people with particular types of SEND, who currently would be leaving school at 16. RPA means that there is an increase in this group staying on at school or seeking alternative training places. This is a growth demand area for the LA and local stakeholders and currently presents capacity pressures.
- 2.5 Specialist Provision for 19-25 year olds  
The council needs to review the implications of legislative reforms proposed in the Children and Families Act reforms. The Government wants to enable all children and young people with special educational needs and/ or disabilities to receive consistent support throughout school and further education and up to the age of 25 for those who need longer to complete their learning.
- 2.6 Suffolk's local provision across high needs providers and colleges is currently at capacity and there is limited high needs provision available locally for 19-25 year olds, meaning many young people have to attend out of county provision. The out of county providers for 19-25 year olds are unable to provide transition routes that will enable progression into supported work and living back in the young people's communities. This places a heavy burden onto parents/carers and creates higher costs for adult social care, to which

these young people are more likely to turn with higher dependency needs, without independent living and work skills.

### **3. Planned actions**

- 3.1 The following actions are what the LA intend to progress over the coming months in order to realign current High Needs Funding in support of current and forecasted priorities in response to the needs of local children and young people with SEND. All actions will be subject to a formal impact and risk assessment process in order to minimise the potential for any form of risk to service users, schools and all stakeholders. Business continuity and contingency plans will be developed to support the actions being implemented.
- 3.2 **Fair Access Protocol reforms**  
The creation of the FAP designed single referral pathway for vulnerable learners to access alternative provision (and over time specialist provision) should lead to a reduction of learners being permanently excluded from mainstream school settings. Where delivered effectively on a national level evidence suggests improved school confidence in equitable distribution of local vulnerable learners and an increase in the local AP capacity from settings working in an integrated format.
- 3.3 **Decommission the work of existing special support centres (SSCS)**  
Currently a number of these provisions are under occupied and the £1.4 million annual investment could be better redeployed to contribute to the development of additional and/or new provision in response to local needs. The eight centres will need to be decommissioned and suitable education provision secured for the existing 103 learners to continue their education and learning. The current level of under occupancy is at a cost of approximately £250k to the High Needs funding block at the moment.
- 3.4 **Decommission existing residential provision for MLD special school learners**  
This type of provision is no longer a priority for Suffolk's children, young people, families and schools as would have been the case in previous years. This is a potential luxury resource which would fail to meet any essential requirement criteria for high needs funding. The current level of High Needs funding investment across the two existing MLD residential settings is approximately £680k.
- 3.5 **Development of locality continuum of provision assessment centres**  
This approach will require each locality to have in place an assessment centre programme, which will serve as the gateway for vulnerable learners to access alternative and where appropriate specialist provision. Development of assessment centre models are well under way with a number of our PRU/AP estate consortia. Where possible and appropriate localities should explore the scope for deploying an assessment centre that is co-produced and facilitated by locality AP/PRU and Special school providers, to ensure an integrated approach.
- 3.6 **Vulnerable learner Banding system reform**  
A commissioned task and finish group will be looking at this agenda with a view to effectively moderating the current system and seeking to develop an integrated approach, that covers learners requiring access to additional support and resource attending mainstream school settings, AP/ PRU settings and Special Schools. The task

and finish group will be reporting findings and recommendations in the 2015 spring term period. The group will also be seeking to identify and recommend the most efficient, effective and robust moderating and gatekeeper processes, introducing capping arrangements for top – ups in the mainstream sector.

**3.7 Explore the potential for Suffolk learners being educated in specialist out of LA provision to be reintegrated into local settings, as a result of improvements in the local offer:** We are currently profiling and assessing the needs of the 236 learners being educated in non -Suffolk provision, to ascertain the potential for any of this cohort to be able to access provision in Suffolk. The progression of the local offer added to reasonable adjustments being made to learner support plans, may enable a number of learners to return to the county for future education. This proposal is not driven by finance, but one that is in the best interests of learners to return to their localities and social groups as soon as is feasibly possible, rather than deferring the problem.

**3.8 Development of a needs- led new provision feasibility report**  
There is a need for consideration to be given to developing new provision in response to local pressures which underpin the volume of current learners needing to be educated in non-Suffolk settings. Local data outlines the need for specialist BESD and ASD provision. Options will need to be explored, such as the development of additional resource provision (ARPs) with a designation, extending and/ or changing the designation of existing specialist provision, development of integrated AP/PRU and Special school services.

#### **4. Next steps/ time scales**

- Reporting to stakeholder forums/ groups of planned actions to reduce High Needs Funding Block pressures– January 2015
- Equality Impact Assessment and Risk assessment – January 2015
- Business continuity and contingency plan development in support of actions January 2015
- Consultation period – February 2015
- Progress update reporting – March 2015
- Adoption of proposed modifications – Autumn 2015 onwards