Suffolk County Council

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Committee:	Schools Forum
Meeting Date:	27th November 2017
Title:	High Needs Block position paper
Author:	Judith Mobbs
Decision making / consultative / information:	INFORMATION
Who can vote?	n/a

What is the Forum being asked to decide?

1. Schools' Forum are asked to note the source of demand growth and cost pressures identified in the High Needs Block (HNB)

2. That Schools' Forum acknowledge and support the cost management plan and proposals put forward by the Inclusion Service including the additional measures that may be put in place.

Reason for recommendation

3. Historic overspend in the High Needs Block has been managed in previous years by using headroom from other blocks of the DSG. This situation is unsustainable and will not be possible in future years. The cost management plan sets out the suite of measures being put in place to ensure that High Needs Block spend can be brought within budget whilst supporting investment in early intervention and without the need to destabilise place funding.

Alternative options

4. There are two alternatives to the options set out in this paper to meet growing demand in the high needs block.
   - **a.** Reduction in the value of support per place for providers accessing high needs funding. This would both destabilise provision and potentially damage providers ability to effectively deliver learner outcomes.
   - **b.** Continue to support the overspend in the high needs block from other areas of the DSG. However, with the new national funding formula starting to take effect from April 2018 this would not appear a viable solution.

Who will be affected by this decision?

5. Children and young people with SEND and their families, all education settings across Suffolk who have high needs funding allocated to their learners and high needs funded Children and Young Peoples' Services.

Main body of the Report

SECTION 6: Demand Growth Pressure

6.1 At the start of the year Inclusion service colleagues recognised that there were a number of significant challenges in developing and manipulating the data held by the service into usable management information that would help inform planning. Since that date progress has been made in addressing the situation. As a result it is now possible to more clearly quantify the demand pressures on the high needs block and to target financial control measures more effectively.

6.2 There has been and continues to be a rising level of need across the county. This is most apparent with ASD needs and more profound co-dependencies due in part to improved survival rates for premature babies. (Figs 1-3)

Figure 1

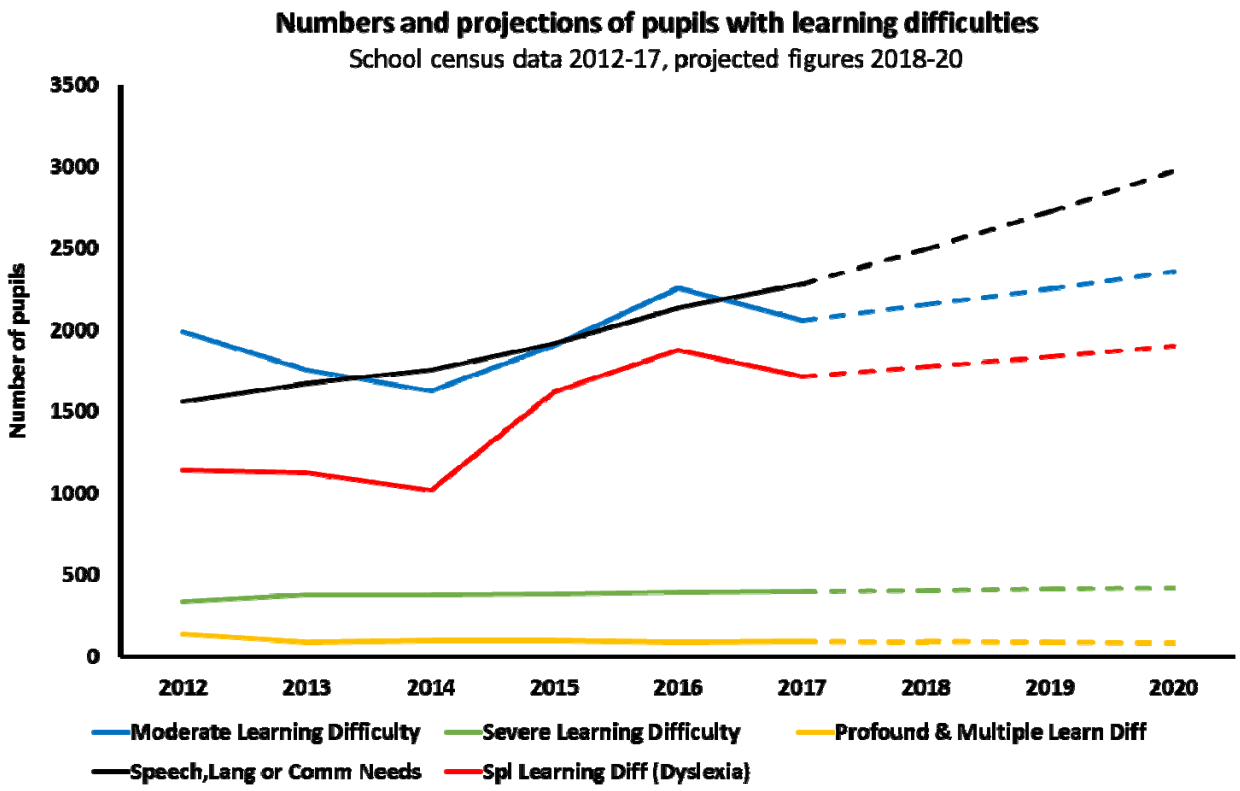

Figure 2.

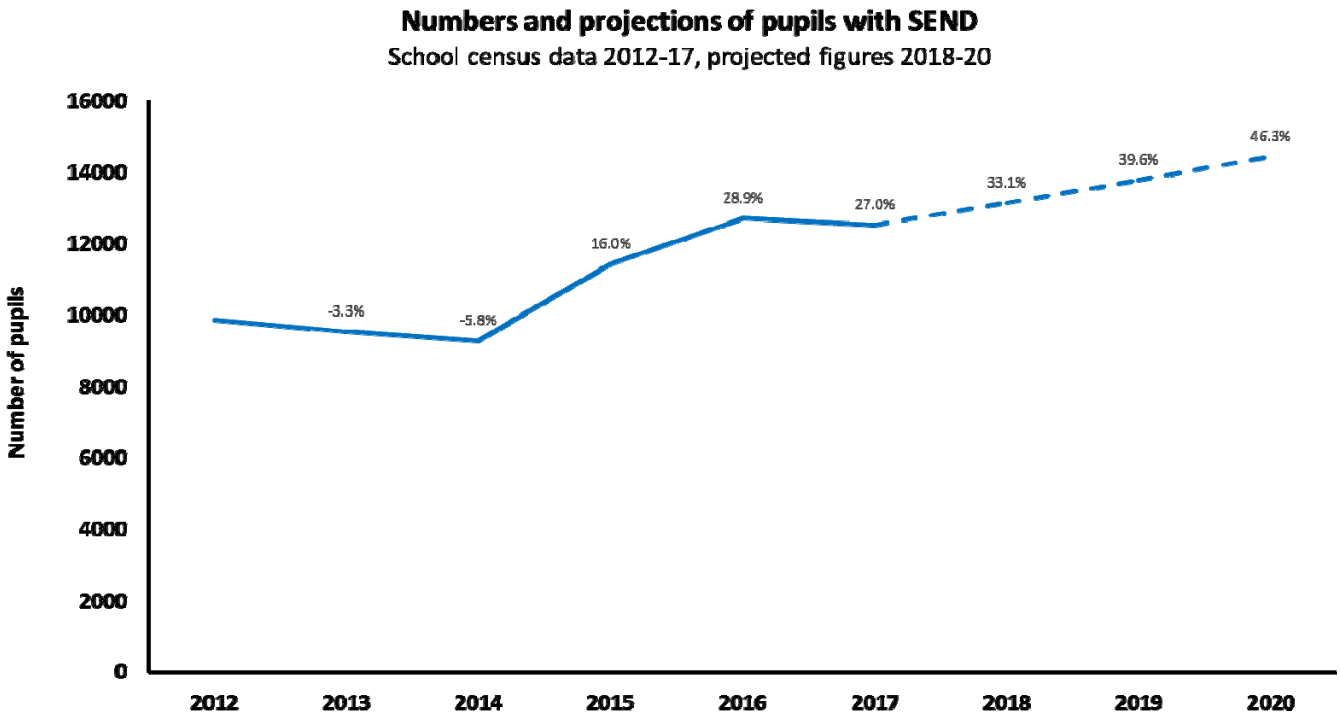

Figure 3a. (Percentage change in numbers with primary need by type between 2012-2017)

Primary Need	2012-2017
Autistic Spectrum Disorder	59.81%
Hearing Impairment	16.15%
Moderate Learning Difficulty	3.37%
Multi-Sensory Impairment*	166.67%
Other Difficulty/Disability	29.27%
Physical Disability	15.43%
Profound & Multiple Learn Diff	-30.60%
Severe Learning Difficulty	18.15%
Speech,Lang or Comm Needs	46.32%
Spl Learning Diff(Dyslexia)	50.44%
Visual Impairment	34.43%
Overall	**27.01%**

	Year						
Primary Need	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**Grand Total**
Autistic Spectrum Disorder	856	612	907	1,119	1,234	1,368	**6,096**
Beh, Emotional and Social Diff	2,260	1,752	2,026				**6,038**
Hearing Impairment	192	132	178	229	228	223	**1,182**
Moderate Learning Difficulty	1,990	1,246	1,629	1,909	2,258	2,057	**11,089**
Multi-Sensory Impairment	12	9	20	16	22	32	**111**
Other Difficulty/Disability	902	652	799	1,158	1,231	1,166	**5,908**
Physical Disability	363	258	368	419	441	419	**2,268**
Profound & Multiple Learn Diff	134	88	101	97	90	93	**603**
SEN supp no specialist assess				370	543	684	**1,597**
Severe Learning Difficulty	336	385	380	383	395	397	**2,276**
Soc, Em and Mental Health				2,065	2,108	1,931	**6,104**
Speech,Lang or Comm Needs	1,561	1,475	1,756	1,916	2,134	2,284	**11,126**
Spl Learning Diff(Dyslexia)	1,140	750	1,017	1,623	1,877	1,715	**8,122**
Visual Impairment	122	90	115	141	158	164	**790**
Grand Total	**9,868**	**7,449**	**9,296**	**11,445**	**12,719**	**12,533**	**63,310**

Figure 3b. (Change in numbers with primary need by type between 2012- 2017)

6.3 This has translated into an increase in special school places over the last four years of 15%. Moreover, this increase has been driven by the increase in demand for higher needs places with the Bridge School and Hillside school experiencing growth of 126% and 127% between 2014 and 2017 respectively. (fig 4.)

Figure 4. Growth in Special School numbers from January census data.

Row Labels	2014	2015	2016	2017
Churchill Special Free School	8	24	39	44
Hillside Special School	60	62	70	76
Priory School	128	135	143	146
Riverwalk School	118	126	122	132
Stone Lodge Academy (Beacon Hill)	153	155	154	153
The Ashley School Academy Trust	128	134	133	135
The Bridge School	109	111	125	137
Thomas Wolsey School	89	88	98	101
Warren School	115	118	119	123
Grand Total	908	953	1,003	1,047

6.4 The increase in demand for special school and alternative provision places, in particular at the higher end, has been felt at a time when local authorities are severely limited in their scope to develop new capacity. This has in turn has led to the 20% increase in places commissioned from the independent non-maintained sector. Again, analysis of the budgets has shown that like for like place costs have remained reasonably static over the period but the number of places required, particularly for ASD and SEMH provision has increased dramatically (Fig 5 and 6). In 2017/18 the independent non-maintained sector place costs are forecast to account for 21% of the total HNB.

Figure 5 & 6. Cost and placements by type in independent non-maintained settings from 2014- 2017

INMS/C Place numbers by type of need					
	2014	2015	2016	2017	% change
ASD	68	69	76	85	25%
SEMH	59	76	79	87	47%
HI	9	10	11	9	0
MLD	12	13	14	13	8%
PD	4	6	8	7	75%
PMLD	1	1	1	1	0%
SLCN	14	14	13	12	-15%
SLD	12	8	7	7	-42%
SPLD	17	18	19	14	-18%
TOTAL	196	215	228	235	20%

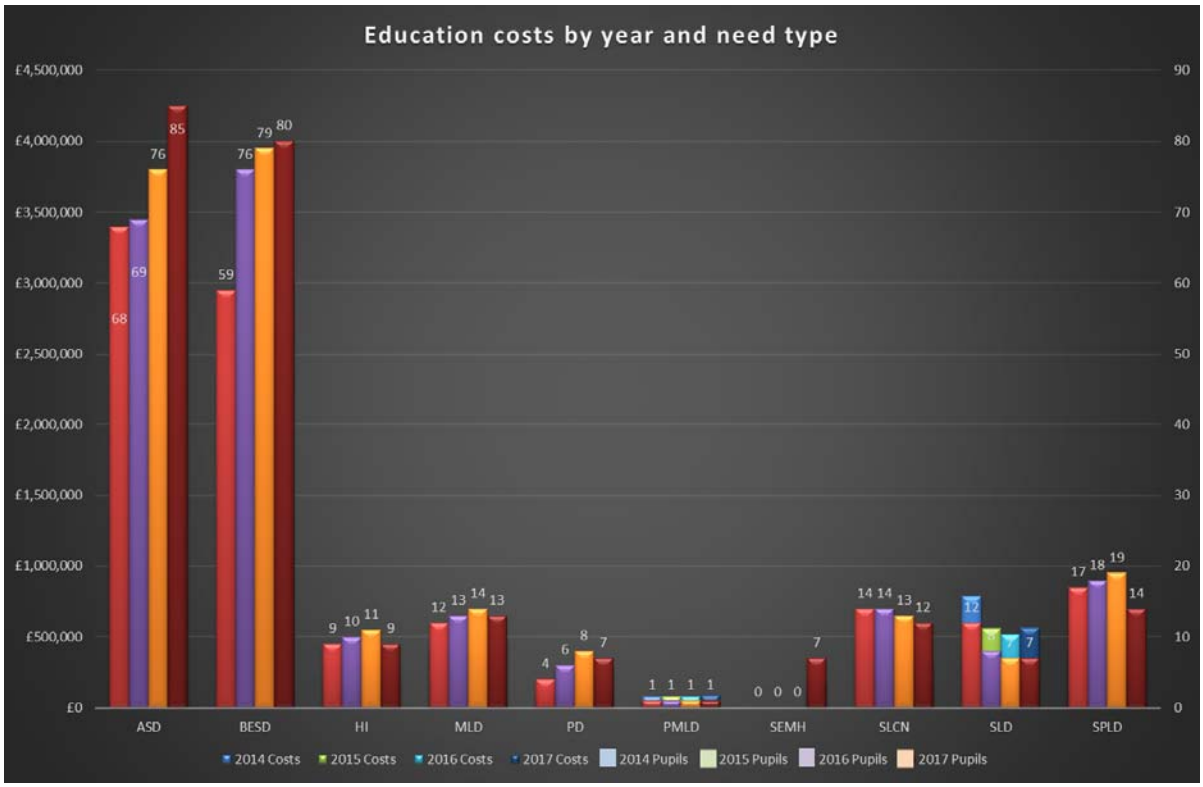

Figure 6: Number of specialist places by type of need and area in 2016/17

6.5 The new SEMH school in Carlton Coleville and the proposed new free school in Ipswich (due in 2019) will create some capacity to meet ongoing demand, reduce Suffolk's high number of pupils in alternative provision, and transition some pupils back into more local provision. There is some evidence from other LAs, and Charlie Palmer, DFE SEND Advisor has noted, that building new provision simply builds demand rather than reducing it. Therefore, we must ensure robust admissions controls and monitoring of impact are in place for these schools.

6.6 Increased demand for special provision has been, unsurprisingly, matched by growth in demand for high needs funding in mainstream schools, up from 1484 (£849,000) in 2013 to 1999 (£1.284m) in 2016. Numbers for 2017 Autumn moderation are expected to be higher again (fig 8). A similar picture is evident in post 16 FE places. Moreover, there has been a significant number of referrals into the County Inclusive Support Service this term and the trend in permanent exclusions, although less than in neighbouring authorities continues to exert upwards pressure on demand. Despite managing to reduce the per place cost of FE SEND provision since 2014 the number of applications has increased from 314 to 439 in 2017 (fig 7).

Figure 7. Growth in FE numbers and funding from 2014 – 2017

Post 16 places									
	16-18	value	19-25	Value	of which INMC	Value	Total	Total Value	Ave Cost per place
2014/15	224	£ 1,397,072.00	90	£ 896,368.00	6	£ 147,608.00	314	£ 2,293,440.00	£ 7,303.95
2015/16	266	£ 1,447,321.00	101	£ 969,783.00	10	£ 310,178.00	367	£ 2,417,104.00	£ 6,586.11
2016/17	295	£ 1,461,715.00	107	£ 909,620.00	14	£ 468,047.00	402	£ 2,371,335.00	£ 5,898.84
2017/18	197		89		19		439	£ 2,789,600.00	£ 6,354.44

HTN TOTALS FOR AUTUMN TERM 2013 - 2016								
	2013		2014		2015		2016	
BAND 1	727	£181,750	377	£94,250	735	£183,750	837	£209,250
BAND 2	538	£358,668	662	£441,336	633	£422,002	754	£502,669
BAND 3	194	£258,666	239	£318,666	278	£370,666	363	£483,999
BAND 4	25	£50,000	32	£64,000	35	£70,000	45	£90,000
TOTAL	1484	£849,084	1310	£918,251	1681	£1,046,418	1999	£1,285,918

Figure 8. Growth in number of High Needs Funding in Mainstream Schools 2103-2016

SECTION 7: Current financial Position

7.1 The HNB has been overspent for the last four years despite the level of funds increasing. The overspend has been met from underspends in the mainstream block and culminated in Schools Forum agreeing £3.5 million in additional funding from the DSG mainstream block for 2107/18. Despite this, the HNB is, as at the end October, forecast to overspend by up to £1M. This is due to:

1. Ongoing place demand pressure as set out above
2. Significant efforts to identify and clear a backlog of CYP either missing education or receiving less than 25 hours per week: efforts throughout 2017 to identify these children and young people and create suitable local provision for them has led to an additional 60 places being commissioned across the local offer)
3. Growth in expensive, complex placements. This is exacerbated by the lack of suitable local provision which allows providers to dictate pricing structures.
4. Continued increase in post 19 placements following statutory changes (Children and Families Act 2014)

Plans and proposals for managing down this pressure are set out in sections 3 and 5.

7.2 The announcement from the Department of Education on the national funding formula for high needs in September indicate that Suffolk will see a provisional high needs allocation increase of £1.7m or 2.9% for 2018/19 and a further £1.8m or 2.6% in 2019/20. This is a total increase of £3.3m (5.6%) over two years. Furthermore, if the National Funding Formula is implemented in full, the high needs allocation will increase by circa 9.5%. These increases should, however, be seen in the context of place demand growing at 4-5% per year and the current overspend within the high needs block.

7.3 However, these figures are uncertain at present since only headline figures before recoupment for academy places have been announced. The recoupment will increase as more high needs schools convert to academy status. Therefore, although there will be an increase in the available funding for high needs, there may not necessarily be an increase in funding that can be used flexibly by the LA as part of the HNB. The funding that does come into the local authority is likely to be required to offset growth.

7.4 Overall, this, in effect, means that average per place funding is unlikely to rise placing significant pressure on our partners in schools and other education providers. For this reason the move to a clearly equitable, understandable and transparent model of funding is vital to generate confidence in the system and continuing working together.

7.5 Importantly from 2018/19 it will be effectively impossible to address any overspend in the HNB from elsewhere in the DSG. Both the freedom to do so, and the available headroom will no longer be present. Sections 3-5 in this paper set out how the inclusion service are managing down costs wherever possible.

SECTION 8: Cost Management and Control

8.1 Annex 2 shows the cost management plan for the inclusion service. There is an accountable manager for each control measure along with a baseline, target figure and achievement by date for each measure.

8.2 The budget being targeted most in the plan is the independent non-maintained provision budget. This accounts for 21% of the HNB and has the largest potential for savings. Some significant progress has been made already in this area by working closely with local special school and alternative provision providers. Progress includes the following actions set out below.

8.3 The most significant development over the last six months is the considerable effort made to make best use of any potential available capacity from the local provider base. The table below shows the impact of this work with 66 additional places over planned place numbers having been created. This has reduced the pressure on the independent non-maintained budget by over £2m.

School	Additional Places Agreed in 2017	Average Funding per place	Average cost of equivilant INMC placemnt (based on average cost of typical placement	Total in kind saving	Budget where additional cost would otherwise be
Ashley (A)	5.0	17,164	50,701	167,684	CC759: INMS (OOC) placements
Thomas Wolsey (A)	3.0	20,384	56,500	108,349	CC759: INMS (OOC) placements
Priory (A)	19.0	17,335	50,701	633,958	CC759: INMS (OOC) placements
Stone Lodge (A)	15.0	9,600	35,000	381,000	CC759: INMS (OOC) placements
Warren	-	18,794	56,500	-	CC759: INMS (OOC) placements
Bridge	2.0	22,620	56,500	67,760	CC759: INMS (OOC) placements
Riverwalk	8.0	20,769	50,701	239,453	CC759: INMS (OOC) placements
Alderwood KS2 development	6.0	18,110	58,935	244,952	CC759: INMS (OOC) placements
Hapden House	6.0	15,217	58,935	262,310	CC759: INMS (OOC) placements
		Total pressure reduction		2,105,465	

8.4 A significant element in developing better MI across the inclusion service is the need to better predict input and output pressures on budgets. As the management information has been developed it is now possible to quantify the scale of potential additional place cost demand from CYP identified as missing education, receiving less than 25 hours or referred to an independent specialist placement. In September this pent-up demand totalled £1.7m.

8.5 A transition planner has also been developed to aid staff in effectively targeting their efforts. Using this staff are targeting the 47 pupils in year 11 and 26 in years 13-15 at out of county placements this year. By targeting them early in the year officers can work with the young people, their families, and schools to ensure that appropriate provision is available within the local offer for them to transition into at the end of the year. Delivery against this is targeted to save in excess of £1m from the independent non-maintained budget.

8.6 Early developments in establishing effective contract management processes and placement monitoring have generated savings of £82,000 since the start of 2017/18. By challenging and monitoring planned step downs in contracts (adjustments for time limited intensive or temporary provision) a further £76,981 will be recouped over the remainder of the financial year.

8.7 The development of a cost conscious and jointly accountable culture across the new inclusion service management team has also been progressed. Strategic monthly management meetings contain standing agenda items on forecast budget overspends and potential mitigating actions.

8.8 The inclusion service within CYP is currently consulting on its restructure. The restructure is due to be in place by Spring 2018 and has been designed to deliver a service that is more focused on early intervention and key working. It is doing this by moving resources to the front line and reducing caseloads. The restructured service will also bolster the financial oversight and contract management functions within Inclusion so that it is better able to deliver the efficiency savings cited in this paper.

8.9 Over the next six months is it proposed to review the capability of a single data source (EMS in the short term) to hold placement, EHC, needs banding and financial information. Achieving this will reduce administration as well as giving a clearer picture.

8.10 With the proposed investment in early intervention, successful implementation and delivery of the proposals set out in the financial management we aim to be able to deliver a balanced HNB by the end of financial year 2018/19. However, this intention is predicated on the current knowledge of both unfilled and downstream demand (those cost pressures we are aware of and historical trends). A spike in additional demand pressures could still create further cost pressures in the HNB.

SECTION 9: Early Intervention Strategy

9.1 Underpinning both the SEND Strategy and the principles behind the inclusion service cost management plan is the notion of early intervention. This is framed to include both intervening at the first sign of learning or behaviour breakdown and, where appropriate, targeting interventions towards primary and early years pupils where the impact is greatest (particularly with regards to speech and communication therapies).

9.2 The early intervention principle also sits behind the move towards developing an Inclusion Family Key Worker team in place of the current SEN team and Local Offer Brokers. Working more successfully together with families, children and young people to understand their needs deliver agreed outcomes will, overtime, reduce demand on tribunals and the drive to specialist placements. Intervening early in our schools to support them in delivering better intervention strategies will support this.

9.3 Early intervention delivered successfully is the most effective way to reduce overall demand for more intensive, specialised and expensive placements whether within the local offer or through the independent non-maintained sector. For this reason, both the second phase of the inclusion service restructure and the cost management plan are focussed on targeting more resource into early intervention and frontline services.

9.4 However, since it tends to always be counterfactual (what we think would have happened if..) it is challenging to develop metrics that demonstrate the impact of early intervention in specific cases or in the short term. This is particularly true when working against a backdrop both locally and nationally of rising demand and placement breakdown. Despite this, by tracking month on month the number of placement breakdowns against the recent trend we will ensure that resources continue to be as effectively targeted as possible.

9.5 By their nature, early intervention strategies take time to show up in countywide data that is suitable for planning purposes. Attainment, progress and placement data trends will not demonstrate the impact of investments or changes made in

2017/18 until 2019/20 financial year at the earliest. This is due to the time-lag in the way the data are collected and the face that the academic year and financial years do not align. It is probable therefore that a short term cost spike will be seen for one to two years before the full impact of investment will be felt.

SECTION 10: Proposed Additional Cost Saving Options Under Consideration

10.1 From 2018/19 it will not be possible to move money from the mainstream or Early Years blocks of the DSG to support overspend in the HNB. As has been shown above, although the HNB will increase by up to 9% over the next few years, it is unlikely that this will meet demand growth. It should also be noted that place costs (both top up band values and place funding) have been held at 2103/14 values.

10.2 Therefore a set of further potential savings from the HNB have been identified over and above those currently being put in place through the cost management plan. These options are set out in the table below. They have been selected as they represent non-statutory delivery or commissioned services and efficiency savings. However, each option carries a level of risk both in terms of life outcomes for pupils and politically.

10.3 There is **no current plan to enact any of the options below**, rather they form a set of alternatives to address the overspend in the HNB moving forward without affecting place funding across the high needs block if the current cost management plan proves insufficient.

Action	Justification	Estimated Saving	Risk/ Disadvantage	Risk Level	Possible mitigation
Reduce or cease commissioning residential provision	• Residential placements at some provides are not currently determined by educational need	£300,000 per year	• Concern from parents and schools involved • Potential to add pressure to social care budgets • Currently residential can be used to cross subsidise the rest of the school therefore may impact on overall quality	Low	• Fund residential through transport where it is the most cost effective option. • Maintain through personal budgets/direct payments. • Reinvest into overall special school budgets

Subject to the high need funding consultation transitional protections for providers adversely affected by the proposed reform in the consultation could be accelerated or removed via a disapplication to the DfE	Currently Alternative provision is funded at an average per place (FTE) rate of £23,526. This is significantly above the national average cost of circa £18,500 AP funding is within the scope of the current high needs funding consultation, but this could be brought forward.	£1,728,000 Per year	• Potential to increase exclusions from AP shunting higher costs into SEMH special provision • Negative impact on proposed SEND provision pathway	Med – based on accelerated saving	• Work with AP providers to identify economies of scale and increase flexibility in staffing. • Using expertise from out of area to share good practice and drive efficiencies
Reduce/cease to provide, non-statutory outreach services, (for example, dyslexia outreach, sensory intervention, SENDAT outreach, local offer brokers etc)	Specific targeted non-statutory outreach services could be scaled back or decommissioned	£379,000 - £525,000 (depending on level of reduction)	• Undermines the early intervention philosophy and potential to effectively maintain mainstream provision • Risk to progress and attainment	Med - High	Offer as traded services. Maintain a slimmed down version of contracted outreach work as part of the in house CISS offer

ANNEX 1: The Inclusion Service Cost Management Plan

Control Measure	How will it help to control costs	Responsible Manager	Date in place	Date benefit realised	Investment Required (not including "in kind" staff time)	Proposed Investment Source	Saving Anticipated (Nett of required investment)	Return on Investment Tracking Method	Associated MI source and Baseline
Increase in level of budget accountability for budget managers	Overall focus on VfM and controlling costs	Judith Mobbs	March 2017	April 2018	None	None	All budgets have been set at the same level as the 2016/17 outturn – therefore real terms cost savings sought from all managers	Spend at or below budget monitored through monthly management reporting on actual and forecast spends	Inclusion Service monthly budget reporting sheet
Review of sensory and communications outreach, additional SEN support outside of place funding and contingency funding	Increase VfM in targeted areas	Jan Welsh	Sept 2017	April 2018	Service redesign captured in phase 2 restructure		Unknown until service review is completed	Reduction in cost per place form CC761	Monthly budget reporting sheets
Contract review phase 1: Developing contract management controls and VfM in existing contracts (earlier input into placement decisions, driving cost efficiencies)	Reducing the unit costs of delivery in independent provider contracts	Paula Benneworth	March 2017	April 2018	Captured within phase 2 restructure		£80,000	Contracts team savings tracker (impact on CC759)	Ave place cost for INMS placements £50,782
Extending the use of Welfare Call	Clawback form providers not	Jamie Mills	May 2017	Jan 2018	£3500 per term	CK766 (SEN Contingency	Contribution to £1m target	Reduction in CC759 budget	Welfare call tracking.

tracking to include pupils in independent specialist providers	delivering on their place funding agreements						reduction in placements costs from (CC759)	(also Increase in the attendance of learners accessing specialist providers.)	INMS Budget
Restructuring the budgets to enable us to develop useful and timely management information	The management information reports will allow better planning through identifying cost pressures and more effective monitoring of the impact of commissioning and spending decisions	Adrian Leach (pro tem)	Sept 2017	Sept 2018	None	None	n/a	n/a	Monthly budget monitoring sheets
Process efficiencies are being sought (review of HTNF moderation and recoupment, EHC Hub)	Reduction in administrative costs	Adrian Leach (pro tem)	April 2018	April 2018	None	None	£10,000 in admin savings	Reduction in (CC901)	Monthly budget sheet £99,872
Develop interim provision solutions	Prevent CYP requiring independent provision through maximising the capabilities of the local offer	Georgina Green	Jan 2017	April 2020	£100,000 (developing spaces)	CK785	Contribution to £1m target reduction in placements costs from (CC759)	Reduction in demand for CC759 budget	Place v independent cost from education only minutes
Developing a new early intervention service	CISS and multiagency assessment centres will support mainstream education where appropriate and, by intervening early where this is not possible, avoid	Jan Welsh	April 2018	April 2019	Captured within Phase 2 restructure (potential £50k for additional teacher costs	CC906	£100,000 (increase in income)	Reduction in CC906 (Nett)	CISS Income tracker £5,236

	escalation to costly out of county placements.								
The restructure of the Inclusion Service	Reallocation of resource to increase early intervention work, strengthen frontline services and management capacity and strategic planning.	Judith Mobbs	Phase 1: Aug 2017 Phase 2: Feb 2018	Dec 2018	May need additional investment in prevention/early intervention services before savings from placements can be realised. TBD after phase 2 structure known	TBD once scale known	TBD once costed business plan developed	Costed business plan required	Costed business plan required
Review of place planning, admissions processes, and protocols	To make sure that we can make best use of the funding and available provision locally	Georgina Green	Nov 2017	Sept 2018	Phase 2 restructure has been completed and banding scheme implemented.		Cost neutral overall	Cost neutral	Quarterly report.
A planned and targeted long term transition planning for learners in independent placements to local provision in Suffolk	Reduce independent provision by ensuring that transition back into local offer is a key outcome from the start and transition points are used effectively	Tracy Winwood	Sept 2017	Sept 2018	Incorporated in restructure costs?		Contribution to £1m target reduction in placements costs from (CC759)	Reduction in CC759 budget	Transition Tracking sheet
focus on learner outcomes and progress	ensure commissioned provision is effective and that commissioning processes are closely aligned with provider quality management to ensure that the provision commissioned and set	Georgina Green (pro tem)	Sept 2017	Sept 2018	Incorporated in restructure costs			Reduction in top up costs relating to managed moves or P/X	Performance information from MAACs??

	out in EHCPs is being appropriately delivered								
Contract review phase 2: commission new providers and undertake market development and developing a dynamic procurement system for independent placements	to extend the range of providers available to us. This will be primarily focussed on service provision such as transport solutions and EOTAS contracts.	Jamie Mills	April 2018	April 2019	Incorporated in restructure costs	n/a	Contribution to £1m target reduction in placements costs from (CC759)		Place cost tracker
Develop a new transparent and equitable funding system for children and young people who attract high needs funding	Free providers to develop education solutions for complex cases and reduce dependence on independent sector	Adrian Leach (pro tem)	Sept 2019	Sept 2018	None (potential for investment required if Schools' Forum want additional transitional protection.)	None	Contribution to £1m target reduction in placements costs from (CC759)	Impact on budget codes CC780-CC783 and CC759	Place cost tracker
Developing SEND provision and Capacity over the next three years	Reduce reliance on independent providers	Georgina Green	ongoing	From Sept 2018	£1.384m +	DfE SEND Capital Development Grant	Contribution to £1m target reduction in placements costs from (CC759)	Reduction in CC759 budget	Place cost tracker
The development of the SEND sufficiency plan	The sufficiency plan will inform SCC's commissioning intentions for 2018-2022 which will allow Suffolk providers to respond appropriately to local need.	Georgina Green	April 2018	From Sept 2018	Investment for additional capacity for data analysis	CC785	Contribution to £1m target reduction in placements costs from (CC759)	Reduction in CC759 budget	Place cost tracker
						TOTAL	**£1,190,000**		