

Committee:	Schools' Forum
Meeting Date:	18 th June 2020
Title:	High Needs Funding Current Position and Demand
Author:	Gemma Morgan
Decision making / consultative / information:	Information
Who can vote?	Not applicable

What is the Forum being asked to decide?

1. To Inform Schools' Forum on the current position for regarding the High Needs Block (SEND) Funding.

Reason for recommendation

2. To enable Schools' Forum members to understand the pressure on the High Needs Block and to be informed of the growth in demand.

Who will be affected by this decision?

3. This situation affects all education providers in Suffolk and those independent providers outside of Suffolk who are currently commissioned to provide education placements for Suffolk children.

Summary of Main Points

4. Although Suffolk has received an increase of £11.070m in its High Needs Block allocation for 2020/21 FY it remains significantly underfunded compared with other authorities in the East of England and its statistical neighbours. Comparisons with either of these groups or all upper tier LAs across England indicate that Suffolk should be receiving at least another £3m per annum within the current national funding context.
5. The number of children and young people with additional needs who need either support in mainstream school or a specialist placement continues to grow at a significant rate. To date the LA has commissioned a further 290 new specialist placements within the local offer for 2020/21 compared with 2019/20, however this will not meet the demand for pupils who are considered suitable for a placement.

6. Despite the demand for several hundred more specialist placement per annum, the LA has managed to avoid commissioning more placements from the independent specialist sector where costs are considerably higher than in the local offer, however because of the growth in demand it has not been possible to reduce the use of independent placements for 20/21 as much as had been forecast.
7. Despite the additional allocation of £11m more funding for 20/21 the overall prediction for the current year is a continued overspend of £2.9m. This is because of the following pressures:
 - a. High Needs Block deficit for 2019/20 (£9.388m)
 - b. Contribution to reserves and CSSB of (£0.594m)
 - c. Cost of new places in local offer
 - d. Further projected demand in top-up funding for mainstream schools
 - e. Cost pressures in place costs within the independent specialist sector and transitional protection for local providers.
 - f. Increased numbers of permanent exclusions
 - g. Inability to reduce use of independent placements because of growth in demand
8. Tight controls are now in place to manage top-up moderation, placement costs and ensure that cost increases are minimised, however this control cannot mitigate the tangible growth in demand for specialist placements and the increasing number of children who needs are not being met within mainstream schools. We are also in a position where our local funding allocations are at such a low level compared to neighbouring LAs and to the costs of providing for these pupils that it is becoming much harder to secure providers who want to make a local specialist offer.
9. In the current context it is difficult to foresee the potential for a short-term recovery of the situation. The only immediate option would be to reduce the banding top-up rates across all providers, however the impact of this could be potentially catastrophic – in addition to the impact on already very tight school budgets, there would be a likelihood of increased exclusions and further escalation in demand for specialist placements for children currently placed in mainstream schools and the inability for local specialist providers to survive financially. Furthermore, attracting new providers into the local market would become much more difficult. The sum impact of these likely effects would be further requirement to use independent specialist provision which on average costs 2.5 times more than a local placement.
10. The longer-term approach as the prevalence of children with additional needs continues to increase, is to support the mainstream school system to develop their expertise and capacity in meeting a wider range of children with more complex needs. As a next step on this journey a “SEND Graduated Response” offer, with an additional early consultation stage, has now been co-produced with school leaders and service users and is being launched during June. This will provide further support to mainstream schools in identification and early intervention and clarity regarding the pathway of specialist offer.

11. Nationally the SEND system remains in crisis and the national SEND review appears to be on hold as a result of COVID-19. Almost all LAs are in a financial deficit in 2019/20, despite the majority being more generously funded than Suffolk. The National Audit Office report, published in September 2019 describes a national picture which exactly mirrors the position in Suffolk and concludes:

“The system for supporting pupils with SEND is not, on current trends, financially sustainable. Many local authorities are failing to live within their high-needs budgets and meet the demand for support. Pressures – such as incentives for mainstream schools to be less inclusive, increased demand for special school places, growing use of independent schools and reductions in per-pupil funding – are making the system less, rather than more, sustainable. The Department needs to act urgently to secure the improvements in quality and sustainability that are needed to achieve value for money.”

Further Information

12. The HNB in 2020-21 has increased by £11.070m from the 2019-20 budget (before recoupment). Of this increase, £0.377m is the 0.5% contribution to reserves agreed at Schools Forum, and a further £0.217m of costs that were previously funded from the CSSB element of the DSG budget will now need to be accommodate within the HNB. This gives a net increase in budget available in this year of £10.476m.
13. We are currently predicting an approximate overspend of £2.9m in the current financial year for High Needs Block (SEND). This is despite the allocation of additional funding for 2020/21 and is due to the continued growth in demand for specialist placements and high needs top up in mainstream schools as well as some inflationary pressure from the independent specialist sector.
14. This growth has led to an increase in the number of children and young people requiring additional funding in mainstream schools, specialist placements in the local offer, and in the numbers of children placed in independent special schools. We have seen an increase in the number of places required year on year and while the table below indicates some early impact from the new specialist units and special school provision for 2020/21, Suffolk is still reliant on our Independent Specialist Providers whilst we grow our local provision.
15. The tables below show the growth in the provision over the last two academic years and projected into the next year. It demonstrates that the majority of the additional spend in specialist placements relates to the further 290 places that have been commissioned for 2020/21 compared with 2019/20. Although volumes are increasing, the actual cost per place have stayed reasonably static, with the exclusion of the independent sector where there has been a 7.5% increase in average cost per placement.

<u>Commissioned Places</u>	2018/19	2019/20	2020/21
Independent Specialist Schools	310	333	320
Small Groups/Specialist Units	239	263	395
Special Schools	1122	1168	1204
Post 16 Provision	482	489	624
Total Places	2153	2253	2543
New local offer places c/f 18/19		+77	+303

<u>Total Cost</u>	2018/19	2019/20	2020/21
Independent Specialist Schools	£11,871,500	£13,357,881	£12,397,179
Small Groups/Specialist Units	£3,114,110	£4,086,713	£6,751,878
Special Schools	£18,784,647	£19,144,182	£19,861,184
Post 16 Provision	£3,483,534	£3,283,124	£4,503,408

<u>Average Cost Per Place per annum</u>	2018/19	2019/20	2020/21
Independent Specialist Schools	£38,295	£40,114	£43,347
Small Groups/Specialist Units	£13,029	£15,538	£17,093
Special Schools	£16,742	£16,391	£16,496
Post 16 Provision	£7,227	£6,714	£7,217

16. The new High Needs Funding system, as agreed by Schools' Forum, is now fully established across all settings except Independent Specialist Provision, where the majority of placements are spot purchased. We are using the banding system for all children receiving high-needs funding and are ensuring that all settings receive a fair and comparable amount of funding to deliver education to our learners with special educational needs. We have also begun the task of bringing a few pupils back from independent specialist settings into the local offer under the banding system. This has had a positive impact in reducing the overall number of specialist placements for 2020/21 at this stage, however it is likely that some further placements will arise throughout the year in this category due to the lack of any further local capacity.

Mainstream Provision

17. On a termly basis, the Inclusion Service undertake a moderation process across all mainstream maintained schools and academies to give schools the opportunity to request Bandings for new or existing pupils with SEND. This process allows for Bandings to be increased or decreased as well as identified for pupils for the first time.

18. Alongside growth in specialist placements there has also been a significant increase in applications from mainstream schools for top-up funding to support high needs pupils. During the Autumn 2019 Term there was an increase in requests of 716 which, after moderation, resulted in an increase in budget of £2,134,100. We also saw an additional increase in Spring 2020

of 250 with a financial impact of £726,600. We have yet to undertake the summer moderation, but we are still expecting to receive some new request, this will be at a lower level due to the current COVID-19 situation, however this will still put an additional pressure on the budget. If we therefore take into consideration both terms moderations, we are predicting the total increase for academic year is likely to be an additional £2,860,700, this would be a termly increase of £953,566:-

2019/20	New Band Requests	Financial Impact	Termly Amount
Autumn Term	716	£2,134,100	£711,366
Spring Term	250	£726,600	£242,200
Total	966	£2,860,700	£953,566

19. Further analysis will be undertaken across the summer, once we have three terms worth of moderation information, to analyse which year groups are seeing the most increase in demand and in which area of need.

New Specialist Units

20. To increase the number of places within the local offer the SEND Capital Programme was developed and agreed, to include new specialist units opening in September 2020. Nine new units are opening in September 2020, which will create 150 new places within the local offer. The table below gives the detail of the Units due to open for the Autumn term:-

School	Type of Specialist Unit	Places
Murrayfield Primary Academy	Communication and Interaction KS2	18
Pipers Vale Primary Academy	R/KS1 Specialist Unit	12
Seckford Education Trust; Causton	Communication and Interaction KS2	18
Seckford Education Trust; Ixworth	Communication and Interaction KS3/4	18
Unity - Burton End, Haverhill	R/KS1 Specialist Unit	12
Unity - Castle Manor, Haverhill	Cognition and Learning KS3/4	18
Unity - Clements, Haverhill	Cognition and Learning KS2	18
Unity - Houldsworth Valley, Newmarket	Communication and Interaction KS2	18
Unity - Newmarket Academy	Communication and Interaction KS3/4	18

21. These Units will ensure that more children, where appropriate can be educated within the local offer, and less will be reliant upon accessing expensive Independent Specialist Placements, often a significant distance from their home. By providing this provision locally they will be educated within their local community, closer to home with the opportunity to establish a local peer group. This will not necessarily demonstrate a saving within the High Needs Block because of increased numbers; however we will achieve better value as a place within the local offer has a lower average cost than that of a place with the independent sector. These units are less expensive so this will reduce the pressure on the high needs block and will ensure these placements are provided within our local funding methodology, helping future budget planning.
22. Whilst we have plans to deliver more Specialist Units in future years we have been unable to meet the number of places we expected due to delays and difficulties caused by COVID-19 and the nationwide lock down. As we have not established as many local places as we expected to ensure we meet the rising demand, we have agreed to recommission several of our existing temporary small groups for a short further period of time to alleviate pressure on specialist admissions.

Specialist Small Groups Recommissioning

23. Members of Schools Forum will recall that we introduced Specialist Small Groups as a temporary measure in September 2018. These were set up for two years with the intention that they would close when a permanent solution was put in place. However because of the increased demand and the delays with some of the new specialist units, we have recommissioned some of our existing short-term small groups. We have recommissioned those in the north, to provide capacity until the opening of the Communication and Interaction School in September 2021. The others we have recommissioned are as a result of the demand in a particular geographical area and area of need. The table below shows the groups we have recommissioned and the number of places they will provide, a total of 110 places:-

School / Setting	Specialism	Places
Olive	ASD Group KS2/3	8
Olive	MLD/SEMH KS2	10
Olive	ASD KS3	10
Olive	ASD/SEMH KS2	8
Albany	SEMH KS3	8
Chalk Hill	SEMH KS2/3	6
The Landing	C&I KS2/3	24

The Landing	MLD/SEMH KS2	6
Raedwald Trust	SEMH/MLD KS2	8
Raedwald Trust	SEMH KS3	8
Gorseland	MLD KS3	14

Special Schools

24. Over the past 3 years we have ensured that we have utilised all available space within our Special Schools. We have increased the number of places we have commissioned to ensure we have been able to meet the need of more children within Suffolk locally. We are now beyond capacity within our existing special school system.
25. In September 2020 the new SEMH school opens in Ipswich, Sir Bobby Robson School. Despite the COVID-19 delays, the initial intake of 30 children will be admitted in September 2020. The opening of this school will see us move over 20 children out of the Independent Specialist Provision and back into the local offer.
26. The three further special schools that are planned to open in Suffolk in 2021 and 2022 continue to be progressed with competitions having been concluded for all three schools. We currently await final announcements of appointed Trusts to run each of these new schools.

Independent Specialist Schools

27. We have seen a growth in placements within Independent Specialist Schools over the last few years, and we expect that trend to continue. We will continue to use these places for children who cannot have their needs met by the local offer. Across the next two to three years we will see three more special schools opening in Suffolk, a C&I school in Ipswich, an SEMH School in Bury St Edmunds and a C&I school in Bungay. The opening of these schools will see our reliance on the independent sector reduce, as long as demand does not continue to outstrip the number of places we can offer.

Further Education/Post 16

28. Over the past three years we have grown our Post 16 provision within the local offer. The use of the ESFA providers who deliver post 16 provision ensures that we can fund this provision within the local funding arrangements. However, the table above indicates the significant rise in demand for post-16 placements as a result of the 2014 legislation. We have managed to maintain a steady cost per place and now all of our Post 16 providers have adopted the new banding system for their learners we can ensure this trend continues.

Movement of Pupils Back into The Local Offer

29. We are continuing to focus on moving pupils currently placed in independent specialist settings back into the local offer, however our ability to deliver on our target numbers for 2020/21 academic year have been severely hampered by the overall growth in demand for placements and more recently the impact of COVID-19, which has made transition conversations much more difficult. As a result we have only achieved this transition for 31 pupils out of the 100 we had targeted. This will need to be a key focus for the academic year 2020/21.

	Target	Actual
<u>Destinations for 19/20 Independent Specialist Cohort</u>	2020	2020
Move to New Pre 16 Offer	21	17
Move to Local Post 16 Offer	65	11
Move to existing Pre 16 Offer	4	TBC
Leave Education	10	3

High Needs Working Group

30. The High needs Working Group was set up as a sub-group of Schools' Forum. The group meets on a regular basis in line with the Schools' Forum meetings. The group was originally involved in the implementation of the High Needs Funding System. Currently the focus is on an updated version of the Dual Placement Policy. The existing policy is out of date and does not reflect current practice, the various representatives attending this meeting allow us to co-produce the policy with insight from all types of settings, and includes representation from our parent carer forum, SPCN.

Comparative Rates of Funding for Suffolk and Other LAs

31. The rate per head of population for HNB funding in Suffolk remains low. If Suffolk were funded at the average rate for either its statistical neighbour group or those LAs in the East of England the HNB in Suffolk would be between £3.1m and £3.8m higher for 2020/21. This means that Suffolk would be able to "live within its means" if it were fairly funded for the coming year. It is worth noting that the majority of the LAs that are funded at higher rates than Suffolk have significant overspends on the HNB despite being more generously funded. The tables below provide the comparison data.

STATISTICAL NEIGHBOURS From ESFA DSG Spreadsheets published 27-03-2020		Number of pupils 2020 to 2021 (Mainstream)	Number of pupils in special schools and academies	Total Pupils	Total high needs block before deductions (£s)	HNB per pupil
Local Authority	Region	821,474	14,323	835,797	699,678,182	£837
Cornwall		69,527.00	504.00	70,031.00	50,800,069	£725
Devon		91,404.50	1,545.50	92,950.00	75,949,209	£817
Dorset		43,606.50	824.00	44,430.50	38,668,218	£870
East Sussex		63,402.00	1,170.49	64,572.49	59,176,363	£916
Gloucestershire		80,744.50	1,353.50	82,098.00	66,429,573	£809
Lincolnshire		96,178.50	2,073.50	98,252.00	93,026,742	£947
Norfolk	East of England	106,351.83	2,201.82	108,553.65	93,077,275	£857
Shropshire		36,010.50	539.00	36,549.50	28,130,184	£770
Somerset		67,243.50	944.00	68,187.50	58,548,862	£859
Suffolk	East of England	93,343.50	1,453.66	94,797.16	75,468,447	£796
Worcestershire		73,661.50	1,713.30	75,374.80	60,403,240	£801

EAST OF ENGLAND From ESFA DSG Spreadsheets published 27-03-2020		Number of pupils 2020 to 2021 (Mainstream)	Number of pupils in special schools and academies	Total Pupils	Total high needs block before deductions (£s)	HNB per pupil
Local Authority	Region	837,534	14,428	851,962	708,987,834	£832
Bedford	East of England	25,877.50	388.99	26,266.49	24,418,664	£930
Cambridgeshire	East of England	81,164.50	1,404.33	82,568.83	75,013,361	£908
Central Bedfordshire	East of England	39,692.50	705.00	40,397.50	32,493,043	£804
Essex	East of England	196,094.83	3,283.50	199,378.33	162,155,780	£813
Hertfordshire	East of England	169,506.50	2,633.83	172,140.33	131,783,031	£766
Luton	East of England	36,825.50	618.00	37,443.50	33,008,223	£882
Norfolk	East of England	106,351.83	2,201.82	108,553.65	93,077,275	£857
Peterborough	East of England	35,055.00	746.76	35,801.76	33,546,122	£937
Southend-on-Sea	East of England	26,255.50	602.00	26,857.50	22,560,046	£840
Suffolk	East of England	93,343.50	1,453.66	94,797.16	75,468,447	£796
Thurrock	East of England	27,366.50	390.00	27,756.50	25,463,842	£917

Conclusion

32. While the whole national SEND system is under pressure, Suffolk continues to be particularly affected due to the level of underfunding in its allocation of high needs block in relation to its population. As a result of a combination of this underfunding and the continued growth in demand for top-up funding and specialist placements it will remain impossible to deliver within a balanced budget in 2020/21.
33. Work continues to reduce the reliance on independent specialist placements and to provide for most pupils within the local offer. Further developments planned for 2021 onwards will enable Suffolk to progress with this aim.