

Committee:	Schools' Forum
Meeting Date:	November 2020
Title:	Strategy for Reducing the Cumulative Deficit within the High Needs Block
Author:	Gemma Morgan
Decision making / consultative / information:	Decision
Who can vote?	All members with Voting rights

What is the Forum being asked to decide?

1. To agree the length of time to clear the current deficit of £13million in the High Needs Block due to the cumulative overspend created from the increase in demand for SEND specialist provision over the last three years.

Preferred Option: The LA Recommends that Schools Forum adopt a proposal for recovery over 5 years.

2. To agree the strategy for securing funds to clear the current deficit, either from a contribution from the Schools Block or from a reduction in the High needs Funding Top-Up.

Preferred Option: The LA Recommends that Schools Forum agree to transfer additional funding needed for the recovery and future demand cushioning from the Schools Block and do not reduce the current high needs top up rates.

3. To agree, as part of the recovery plan, how much funding is taken as a demand cushion to ensure future overspends are avoided.

The LA Recommends that Schools Forum agree to transfer 0.5% per annum from the Schools Block to the High Needs Block for the next 5 years to support the recovery of the deficit and build a demand cushion.

Reason for recommendation

4. Due to the increasing pressure on the High Needs Block, a further overspend of £3m is projected in 2020/21. This will result in an overall deficit, accumulated over the last three years of £13m. Based on the information presented in this paper, Schools' Forum must decide a strategy to clear this deficit.

5. A Department for Education (DfE) Recovery Plan is currently being formulated, this will be submitted to the DfE giving detail of how SCC will recover the deficit and include future demand cushioning, in an attempt to avoid future deficit. The decisions made by Schools Forum will be used for the basis on which SCC respond.
6. The Recovery Plan Spreadsheet will be presented to Schools Forum in January for final agreement and then will be submitted to the DfE.

Who will be affected by this decision?

7. 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

8. In June 2020 Schools' Forum were informed of the current position regarding the High Needs Block and it was reported that although there had been an increase in funding of £11.070m an overspend of £3m was predicted for 2020/21. This adds to the already significant deficit of £10m and brings the predicted deficit value to £13m. It was agreed that a further paper would be brought to Forum in October to determine next steps.
9. This deficit is due to the huge demand on the High Needs Block and the year-on-year increase in children and young people with additional needs who need support within a mainstream setting or a specialist placement.
10. As part of the process for deficit recovery SCC will submit a recovery plan to the Department for Education ahead of the next financial year. The decisions made by Schools Forum will form the basis on which SCC will respond.
11. This paper analyses the current data and looks to project this information forward and further identify future spend. It looks at all settings and outlines the predicted future expenditure for growth within the local offer and the continuing increase in demand.
12. Working with a sub-group of the High Needs Working Group, consisting of a representative from each setting type, two options were explored. 1) Reduce the Banding top-up rates across all settings, 2) Take additional money from the Schools' Block.
13. Whilst writing this paper, the Department for Education have indicated that there will be a further funding increase of 12% for 2021/22 which will be an approximate increase of £9.1m for Suffolk. This is then subject to the removal of £1.3m for the commitment for Teacher Pay and Pension as well as a contribution of £400,000 to the Central Services Block, this leaves a net increase of £7.4m. Forum members are asked to note that despite this increase, Suffolk still remains among the lowest funded area per capita for

High Needs Funding. If Suffolk was funded at the same level as Statistical Neighbours the budget would increase by a further £3.9m. Suffolk County Council continues to make the case for fairer funding through every possible route.

Background Information - Increase in Demand

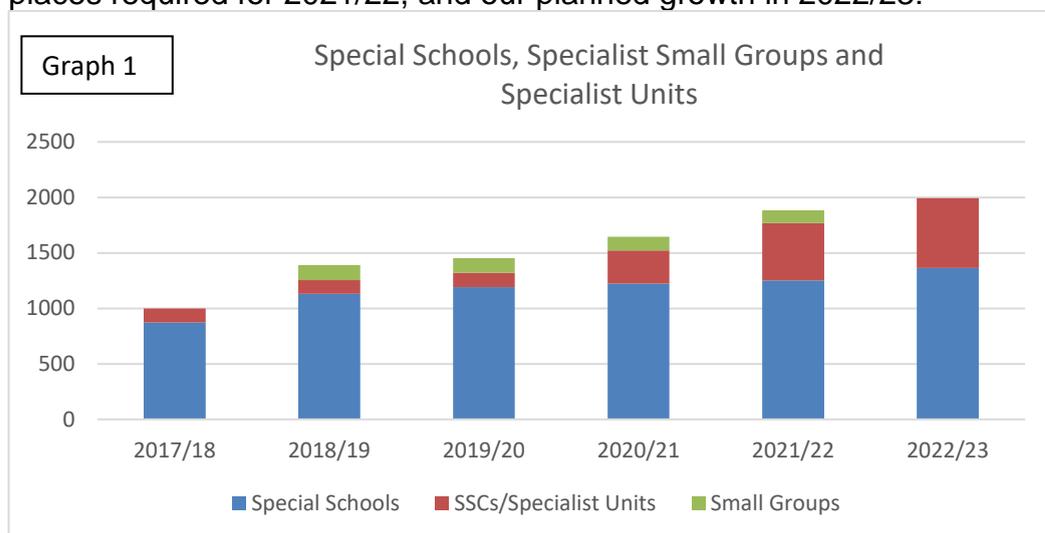
14. To demonstrate the increase in demand in SEND provision, table 1 shows the increase in demand for Specialist Units, Special Schools, Post 16 provision, PRUs and temporary Small Groups:-

Table 1

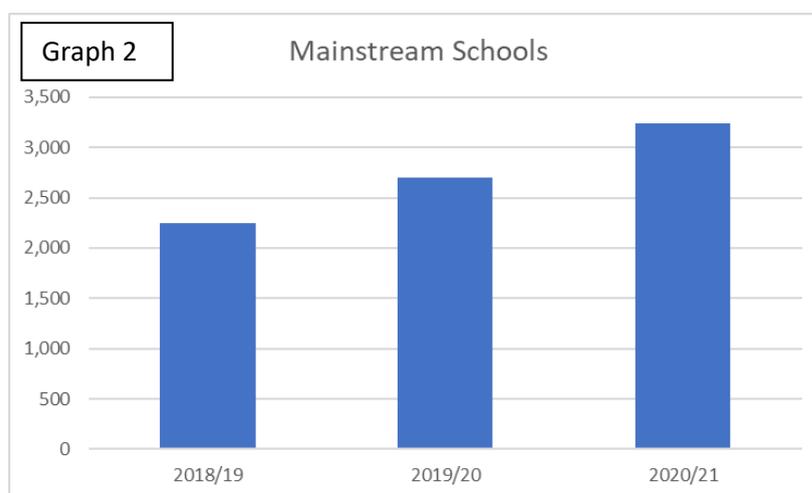
	2017/18	2018/19	Percentage Change	2019/20	Percentage Change	2020/21	Percentage Change	Projected Increase for 21/22
Special Schools	873	1131	30%	1192	5%	1222	3%	1253
SSCs/Specialist Units	125	125	0%	129	3%	300	133%	516
Post 16	484	532	10%	595	12%	626	5%	659
Small Groups	N/A	133	N/A	133	0%	124	-7%	116
PRUs	430	430	0%	430	0%	430	0%	430
Total	1912	2351	23%	2479	5%	2702	9%	2973

15. The small groups are commissioned on a temporary basis while capital programme work is undertaken, and more places are created within the local offer. These places will be required in future years either as a continuation of the temporary commissioning or within new specialist units. The number has decreased over the last academic year, not because demand has reduced but because we have been able to move a small number into the commissioned number for specialist schools and new specialist units.

16. Graph 1 shows the increase in provision within Special Schools, Specialist Small Groups and Specialist Units from 2017/18 and the predicted number of places required for 2021/22, and our planned growth in 2022/23:-



17. The above data demonstrates that if demand increases at the rate we have seen between 2019/20 and 2020/21 we require an additional 272 places to meet the demand, this does not however include the increase we have seen in mainstream settings for children needing top-up funding.
18. The principles of inclusive practice mean that children with SEND should be supported within a mainstream school wherever possible. Therefore, over the last three years we have also seen a significant rise in the number of children receiving high needs top-up funding within a mainstream setting.
19. In 2018/19 2,243 children received high needs top-up funding, this increased to 2,704 in 2019/20, an increase of 461 children and a percentage increase of 20%. If this increases at the same rate in Autumn 2020 this number could rise to 3,245 children. We do however predict that we will see this rise by 10% bring the number of children to 2,975. Clearer figures will be available following the November moderation.
20. Graph 2 demonstrates the projected increase:-

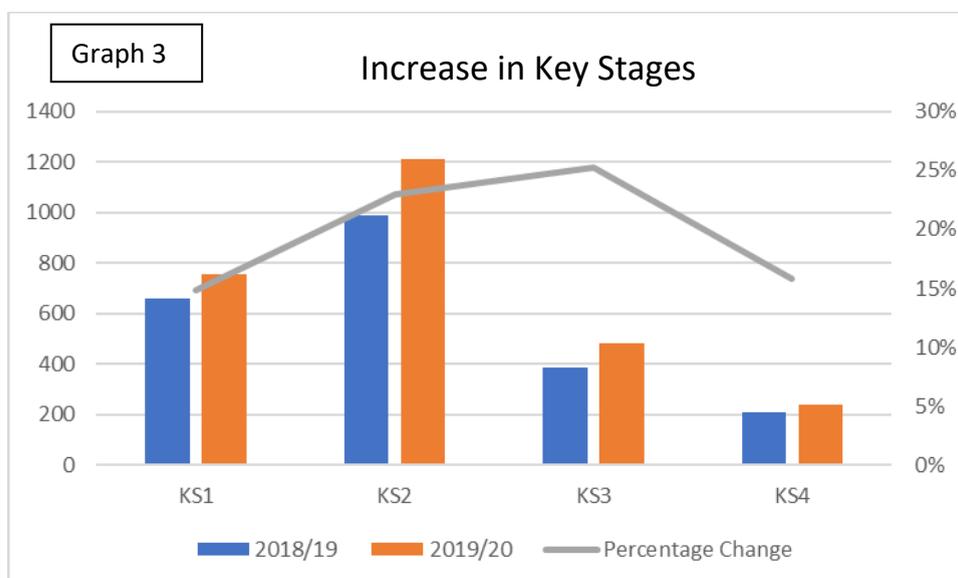


21. To better understand the demand for specialist placements the data has been split into Key Stages. Table 2 shows the increase in pupils by Key Stages for Special Schools. The highest increase has been in Key Stage one, which has recently levelled off, this is closely followed by those in Key Stage 2, where there is a considerable increase:-

Table 2

Special Schools Split by Key Stage	2017/18	2018/19	Percentage Change	2019/20	Percentage Change
KS1	81	134	65%	128	-4%
KS2	231	320	39%	393	23%
KS3	317	404	27%	385	-5%
KS4	198	227	15%	225	-1%
KS5	46	46	0%	50	9%

22. In Mainstream settings this increase is seen across all key stages, however as graph 3 shows, the biggest percentage increase in Key Stage 2 and 3 of 23% and 25%. Although the numbers are smaller, we have still seen a percentage increase of 15% in Key Stage 1 and 16% in Key Stage 4. The substantial numbers currently in Key Stage 1 and 2 provide an indication of the future demand for specialist support within the mainstream system and additional specialist placements.



23. Table 3 breaks down the information for Mainstream Schools into Year Groups and bands. It gives a detailed picture of where there has been an increase in demand between 2018/19 and 2019/20. This table also gives information regarding the cost of this funding which will be explored later in the report:-

Analysis of Mainstream Bands (2018 – 2020)

Table 3

Year Group	BAND C		BAND D		BAND E		BAND F		BAND G		BAND H		TOTAL LEARNERS		TOTAL COST	
	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20
Reception	54	66	63	59	56	56	30	29	5	13	0	0	208	223	895,400	976,000
Year 1	56	79	75	71	47	76	20	35	3	6	0	0	201	267	785,500	1,120,800
Year 2	96	95	77	78	50	62	23	29	4	3	0	0	250	267	903,700	1,010,200
Key Stage 1	206	240	215	208	153	194	73	93	12	22	0	0	659	757	2,584,600	3,107,000
Year 3	122	109	96	97	54	60	23	26	3	4	0	0	298	296	1,016,900	1,068,800
Year 4	97	152	65	107	42	58	10	32	2	3	0	1	216	353	694,000	1,207,000
Year 5	89	118	107	95	38	60	12	18	1	2	0	0	247	293	804,500	989,100
Year 6	99	91	80	118	37	41	8	20	1	1	0	0	225	271	692,100	925,900
Key Stage 2	407	470	348	417	171	219	53	96	7	10	0	1	986	1,213	3,207,500	4,190,800
Year 7	61	111	45	63	22	29	4	7	1	0	0	0	133	210	404,300	591,300
Year 8	61	60	52	37	17	24	1	7	0	1	0	0	131	129	364,800	412,000
Year 9	60	70	40	49	12	20	7	2	1	1	0	0	120	142	355,900	403,600
Key Stage 3	182	241	137	149	51	73	12	16	2	2	0	0	384	481	1,125,000	1,406,900
Year 10	62	67	39	36	11	19	5	6	0	1	0	0	117	129	323,200	383,500
Year 11	38	57	39	40	12	13	3	2	0	1	0	0	92	113	276,300	315,900
Key Stage 4	100	124	78	76	23	32	8	8	0	2	0	0	209	242	599,500	699,400
Year 12	1	4	2	2	0	1	0	0	1	0	0	0	4	7	18,600	18,100
Year 13	0	1	1	1	0	0	0	0	0	2	0	0	1	4	3,300	25,800
Key Stage 5	1	5	3	3	0	1	0	0	1	2	0	0	5	11	21,900	43,900
TOTAL	896	1080	781	853	398	519	146	213	22	38	0	1	2,243	2,704	7,538,500	9,448,000

24. In order to meet the growth in demand for specialist education placements, independent specialist providers are used where there has been a gap in the local offer.

25. Table 4 demonstrates the number of children and young people placed with independent specialist providers over the last 4 years. It should be noted that the figure for 2020/21 is based on current placements and this is expected to rise within the autumn term.

Table 4

	2017/18	2018/19	2019/20	2020/21
Places in Independent Specialist Schools During AY	248	309	332	308
Growth in Independent Specialist School Placements Since Last AY		61	23	-24

26. Year on year the placements have risen, however on average 57 children and young people have moved out of independent settings back into the local offer. This has been either into new provision offered by the Capital Programme or into local offer Further Education.

Background Information - Cost of Growth

27. To understand the cost of growth for the additional placements required across SEND settings, a calculation of average costs for each place is required. Table 5 shows the overall costs for the current placements across the last two academic years with a prediction for 2020/21:-

Table 5

Total Cost	2018/19	2019/20	2020/21
Independent Specialist Schools	£11,266,473	£13,062,092	£14,099,910
SSCs/Specialist Units	£812,500	£1,448,900	£3,797,405
Special Schools	£18,784,647	£19,144,182	£19,861,184
Small Groups	£2,243,969	£2,243,969	£2,356,000
PRUs	£9,525,865	£9,437,442	£9,349,019
Post 16 Provision	£2,734,299	£3,763,886	£4,503,408

28. This is further broken down into costs per place in table 6:-

Table 6

Average Cost Per Place per annum	2018/19	2019/20	2020/21
Independent Specialist Schools	£36,461	£39,226	£45,779
SSCs/Specialist Units	£6,500	£11,232	£12,658
Special Schools	£16,609	£16,061	£16,253
Small Groups	£16,872	£16,872	£19,000
PRUs	£22,153	£21,948	£21,742
Post 16 Provision	£5,140	£6,326	£7,194

29. The average cost per place for SSCs and Specialist Units has increased significantly due to a previous discrepancy in the level of funding the SSCs received when they were first set up. This has since been rectified and they have now moved onto the local funding methodology. Their cost per place will always be slightly lower than other settings as the first £4,000 (AWPU) of their funding is paid from the Schools' block. Also the cost per place for Post 16 provision often excludes the place funding (£10,000) as this is paid directly to the provider by the ESFA. Special School place costs have declined slightly as we move the funding towards the new funding methodology which sees all setting paid on the new banding system.
30. Applying the average cost per place to the increase in demand, expected in 2021/22, results in a predicted additional spend of £3,323,373. This is without increasing placements with Independent Specialist Schools. These figures are detailed in table 7a:-

Table 7a

Setting	Average Cost Per Place	Predicted Additional Places	Additional Cost
SSC/Specialist Units	£ 12,658	216	£ 2,734,128
Special Schools	£ 16,253	31	£ 503,843
Small Groups	£ 19,000	-8	-£ 152,000
Post 16 Provision	£ 7,194	33	£ 237,402
Total		272	£ 3,323,373

31. A number of these new places will be available within the new schools and units which are opening as part of the SEND Capital Programme. An additional 210 places were created for the demand in 2020/21, and a further 256 for 2021/22.
32. There has been considerable growth in demand for places within mainstream schools, which saw an increase in expenditure on High Needs Top-Up between 2018/19 and 2019/20 of just under £2m (£1,909,500).
33. Autumn 2019 saw an unprecedented level of increase and it can be assumed to be half again when predicting the future spend for High Needs Top-up in mainstream settings. Therefore, we are predicting a further potential increase in mainstream top-up requests of £954,750 for 2021/22.
34. When looking at the increase of demand across all our settings, the expected increase in demand will result in projected increased expenditure of £4,278,123.
35. Although difficult to predict the cost of demand in 2022/23 and 2023/24, even if we assume no growth in mainstream school top-up or in the number of Specialist Unit places and only project growth for those school places already planned, there will continue to be additional costs to the High Needs Block. There will be 110 new special school places opening across Suffolk in these two years, in addition existing pressures in SLD schools will require further placements (estimated at 45 per annum) and there will continue to be some growth in Post 16 placements.

Table 7b shows the increase in placements across just the new schools and SLD school expansion and the financial implications:-

Table 7b

Year	Average Cost Per Special School Place	Predicted Additional Places	Additional Cost
2022/23	£ 16,253	142	£ 2,307,926
2023/24	£ 16,253	142	£ 2,307,926

Recovery of the High Needs Block Overspend

36. By the end of 2020/21 Financial Year, the High Needs Block will be overspent, in total, by £13m. If we continue to increase provision to meet the demand, this will rise to over £17m in the following year.
37. It is expected that the High Needs Block will receive an increase in budget from the DfE of £9.1m for 2021/22, and after the removal of commitments for Teacher Pay and Pension as well as the contribution towards the Central Services Budget, the net increase will be circa £7.4m.
38. The recovery of the High Needs Block overspend must begin in 2021/22 and be recovered as soon as possible. DfE expectations have been for a three year recovery plan however we are optimistic that new guidance will increase this. This paper considers options for either 3 or 5 years. Growth in demand must be taken into consideration alongside any recovery plan proposed.
39. To achieve this deficit recovery in 3 or 5 years there are two options for addressing the recovery need. Either, to reduce the value of each top-up band, or alternatively to make a transfer from the schools' block to the high needs block. In considering which of these options is preferable there is a need to consider inclusion and equality. If top-up rates are reduced this directly impacts on children who have additional needs and disproportionately impacts the most inclusive settings and Suffolk's most vulnerable children and young people.
40. The High Needs Working Group have looked at the possibility of reducing each High Needs Top-Up band value by 5%, 10%, 15% and 20%. This calculation has been undertaken using the current position for all our settings. It should also be considered that given the standstill position on top-up rates over 19/20 and 20/21, which represents a real term decrease, a reduction in top-up rates would result in a further real term reduction.
41. Table 8 shows the savings in one year if all of the bands are reduced by the same percentage:-

Table 8

Setting	Current Top-Up	Reduce Top-Up by 5%	Reduce Top-Up by 10%	Reduce Top-Up by 15%	Reduce Top-Up by 20%
SSCs/Specialist Units	£1,997,405	£1,897,535	£1,797,665	£1,697,794	£1,597,924
Special Schools	£7,641,184	£7,259,125	£6,877,066	£6,495,006	£6,112,947
Small Groups	£1,116,000	£1,060,200	£1,004,400	£948,600	£892,800
Post 16 Provision	£4,503,408	£4,278,238	£4,053,067	£3,827,897	£3,602,726
PRUs	£5,049,060	£4,796,607	£4,544,154	£4,291,701	£4,039,248
Mainstream	£9,448,000	£8,975,600	£8,503,200	£8,030,800	£7,558,400
Total	£29,755,057	£28,267,304	£26,779,551	£25,291,798	£23,804,046
		-£1,487,753	-£2,975,506	-£4,463,259	-£5,951,011

42. This is broken down in table 9a to show how much funding would be removed from each setting type:-

Table 9a

Setting	Current Top-Up	Reduce Top-Up by 5%	Reduce Top-Up by 10%	Reduce Top-Up by 15%	Reduce Top-Up by 20%
SSCs/Specialist Units	£1,997,405	-£99,870	-£199,740.50	-£299,610.75	-£399,481
Special Schools	£7,641,184	-£382,059	-£764,118.40	-£1,146,177.60	-£1,528,237
Small Groups	£1,116,000	-£55,800	-£111,600.00	-£167,400.00	-£223,200
Post 16 Provision	£4,503,408	-£225,170	-£450,340.80	-£675,511.20	-£900,682
PRUs	£5,049,060	-£252,453	-£504,906.00	-£757,359.00	-£1,009,812
Mainstream	£9,448,000	-£472,400	-£944,800.00	-£1,417,200.00	-£1,889,600
Total	£29,755,057	-£1,487,753	-£2,975,505.70	-£4,463,258.55	-£5,951,011

43. The second option is to take additional funding from the Schools' Block. Table 9b demonstrates the values of this at 0.5%, 0.25% and at 1%, a higher rate than previously agreed, which would require Secretary of State approval.

Table 9b

	Value (Circa.)
Schools Block 0.5%	£ 2,152,000
Schools Block 0.25%	£ 1,076,000
Schools Block 1%	£ 4,304,000

Key Decisions

Forum members must determine the best way to balance the competing demands of this situation:

- The need to recover the current DSG deficit within a reasonable timescale
- The need to ensure the most appropriate support to our most vulnerable learners
- The need to be prudent in preparing for possible future increases in demand for support for children and young people with SEND beyond 2021/22 without knowing what High Needs Block Funding will be available.

Decision 1: Agree the length of time to clear the current deficit of £13million in the High Needs Block

44. Recovery over three Years

Table 10 demonstrates the result if the deficit is paid back over the next three years. The predicted growth for 2021/22 will result in a deficit in the budget of £1,211,456, which will result in an overspend in the financial year. This could grow further in future years especially if demand does not begin to level-off:-

Table 10

Year	Recovery Amount	High Needs Block Balance Available for Growth	Predicted Growth	Budget Shortfall
2021/22	£4,333,333	£3,066,667	£4,278,123	-£1,211,456
2022/23	£4,333,333	-£1,211,456	£2,307,926	-£3,519,382
2023/24	£4,333,333	-£3,519,382	£2,307,926	-£5,827,308

45. Table 10 indicates it is not possible to pay back the deficit over 3 years, given the expected growth in 21/22 and beyond, unless additional action is taken, either through a contribution from the Schools' Block, or through reduction in top-up values.

46. Recovery over five years

Table 11 demonstrates the result of paying back the deficit over 5 years:-

Table 11

Year	Recovery Amount	High Needs Block Balance Available for Growth	Predicted Growth	HNB Funding Remaining
2021/22	£2,600,000	£4,800,000	£4,278,123	£521,877
2022/23	£2,600,000	£521,877	£2,307,926	-£1,786,049

2023/24	£2,600,000	-£1,786,049	£2,307,926	-£4,093,975
2024/25	£2,600,000	-£4,093,975	TBC	TBC
2025/26	£2,600,000		TBC	TBC

47. While there is a small allowance for future growth in 22/23, it is not sufficient to cover the most conservative projection as set out in paragraph 32 and will result in a rapid build-up of additional deficit in the High Needs Block unless there is a significant change in National Funding Policy which results in the current funding gap for Suffolk being addressed.

48. Preferred Option: The LA Recommends that Schools Forum adopt a proposal for recovery over 5 years. This is because the level of payments over five years would be more manageable than over three.

Decision 2: Agree where to identify the funding from to clear the current deficit, either from the Schools Block or from a reduction in the High Needs Funding Top-Up.

49. Table 10 above indicates it is not possible to pay back the deficit over 3 years, given the expected growth in 21/22 and beyond, unless additional action is taken, either through a contribution from the Schools' Block, or through reduction in top-up values. Possible options are show below:

Table 13

Option	Schools Block		Top-Up Reduction		Total
1	0.30% contribution	£1.291m			£1.291m
2			4.25%	£1.264m	£1.264m

It should be noted that none of these options build in any allowance for future growth beyond 21/22

50. If we take a 0.35% contribution from the Schools Block or 5% reduction in top-up values over a 5 year period we will be able to afford not only the predicted growth but also have surplus funding within the budget to allow for any additional growth in and the development of further Specialist Units:-

Table 14a

Year	High Needs Block Balance (a)	0.35% Schools Block Contribution (b)	Total High Needs Funding (c) (a)+(b)	Predicted Growth (d)	HNB Funding Remaining (c)-(d)
21/22	£4,800,000	£1,506,400	£6,306,400	£4,278,123	£2,028,277
22/23	£2,028,277	£1,506,400	£3,534,677	£2,307,926	£1,226,751
23/24	£1,226,751	£1,506,400	£2,733,151	£2,307,926	£425,225

Table 14b

Year	High Needs Block	5% Reduction	Total High Needs	Predicted Growth (d)	HNB Funding
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	Balance (a)	in Top-up Funding (b)	Funding (c) (a)+(b)		Remaining (c)-(d)
21/22	£4,800,000	£1,487,753	£6,287,753	£4,278,123	£2,009,630
22/23	£2,009,630	£1,487,753	£3,497,383	£2,307,926	£1,189,457
23/24	£1,189,457	£1,487,753	£2,667,210	£2,307,926	£369,284

51. We can achieve a greater level of protection against future growth and the risk of overspend if we take a 0.5% contribution from the Schools Block or a 7.25% reduction in top-up funding over the 5 year period:-

Table 15a

Year	High Needs Block Balance (a)	0.5% Schools Block Contribution (b)	Total High Needs Funding (c) (a)+(b)	Predicted Growth (d)	HNB Funding Remaining (c)-(d)
2021/22	£4,800,000	£2,152,000	£6,952,000	£4,278,123	£2,673,877
2022/23	£2,673,877	£2,152,000	£4,825,877	£2,307,926	£2,517,951
2023/24	£2,517,951	£2,152,000	£4,669,951	£2,307,926	£2,362,025

Table 15b

Year	High Needs Block Balance (a)	7.25% Reduction in Top-up Funding (b)	Total High Needs Funding (c) (a)+(b)	Predicted Growth (d)	HNB Funding Remaining (c)-(d)
2021/22	£4,800,000	£2,157,241	£6,957,241	£4,278,123	£2,679,118
2022/23	£2,679,118	£2,157,241	£4,836,359	£2,307,926	£2,528,433
2023/24	£2,528,433	£2,157,241	£4,685,674	£2,307,926	£2,377,748

52. In considering which of these options is preferable there is a need to consider inclusion and equality. If top-up rates are reduced this directly impacts on children who have additional needs and disproportionately impacts the most inclusive settings and Suffolk's most vulnerable children and young people.

53. **Preferred Option: The LA Recommends that Schools Forum agree to transfer additional funding needed for the recovery and future demand cushioning from the Schools Block and do not reduce the current high needs top up rates.** This is because reducing the top up rates would disproportionately affect those schools who have higher levels of pupils with specialist needs, whereas an across the system transfer would have an equitable impact on all settings.

Decision 3: Agree, as part of the recovery plan, how much funding is taken as a demand cushion to ensure future overspends are avoided.

54. To ensure we do not continue to increase the deficit in the High Needs Block we must allow an amount of funding to cushion any future demand. Demand is predicted as accurately as it can be and until we are funded fairly by central government then we can predict that demand will continue to cost more than is available within the High needs Block.

55. The below table show the level of cushioning over the next three years, taking into consideration the predicted growth based on the additional provision which will be available within the local offer. This does not however take into consideration any other growth within the system, hence the need for a financial cushion:-

Table 16

	Cushion Value*	
	0.35% contribution from the Schools Block or 5% reduction in top-up	0.5% contribution from the Schools Block or a 7.25% reduction in top-up funding
2021/22	£2m	£2.6m
2022/23	£1.2m	£2.5m
2023/24	£400k	£2.3m

*approximate amount depending on what decision is made regarding the source of the funding.

56. **Preferred Option: The LA Recommends that Schools Forum agree to transfer 0.5% per annum from the Schools Block to the High Needs Block for the next 5 years to support the recovery of the deficit and build a demand cushion.** This is because although 0.35% of the Schools Block will give us a small amount of cushioning against future demand, this is likely to be too low on current demand forecasts. A 0.5% transfer will allow a level of surplus that can enable the area to have enough funding to meet future demand and avoid us falling further into a deficit position. If demand decreases compared with current rates this contribution can be reviewed and reduced in future years.

Future Work

57. Whilst undertaking the work for this paper, it has become clear that there are four future areas of work that need to be undertake/revisited by the High Needs working group: -

- a. Produce a three-year strategy which includes consideration of inflationary increases to top-up band values and place funding.
- b. Repeat the review of the current Independent Specialist Placements now that more provision is available locally to consider which children and young people could now benefit from the local offer, especially at post 16.
- c. Review how well schools are using the Graduated Response and how this links to requests from Mainstream Schools for specialist placements. Look at how local schools can share resources to ensure children stay within the local offer.
- d. Review the impact of the work currently underway to review all children out of education or who are inappropriately placed.

Appendix A: Findings from the High Needs Working Group

- a. To assist with the narrative for this paper a sub-group of the High Needs Working Group was formed. This sub-group included representation from all types of settings.
- b. The group were asked to provide information to support the recommendations for this paper and to explore what would and would not be achievable within their settings if we reduced the high needs top-up bandings.
- c. All settings expressed a concern that they would not be able to offer the support the children and young people would need in their setting if their top-up funding were reduced. Although many of them said they could continue to operate, they felt this would have a detrimental effect on those placed with them. It is also important to understand that the top-up bands in Suffolk are already lower than many other neighbouring LAs.
- d. If funding were reduced then an enhanced package of support would be required from the LA and this in turn would put considerable pressure on the existing service, and the cost of this would still come from the High needs Block.
- e. The representatives from the Units and Mainstream Schools have observed that the most recent cohort of children entering their settings have higher needs than ever before. If bandings were reduced, then they would expect there to be considerable pressure put on the moderation process with an escalation in requests for band increases.
- f. The special school representatives made it clear that a reduction in funding would see a reduction in quality of provision. Many are already managing their budgets by increasing their class sizes in some cases to 14. However, this cannot be sustained or increased any further. Provision has already been paired back significantly and a further reduction in funding would mean that some would not be able to meet need.
- g. If meeting need becomes a concern because settings don't have the staffing levels to educate the children and young people then this may result in an increase in tribunals and potentially more placements in Independent specialist settings.
- h. Specialist settings highlighted that they have not received an inflationary rise in either their place funding or top-up funding for many years.
- i. Post 16 providers have also seen an increase in complexity of need and although they are working to widen their offer to meet these needs, they are concerned that quality could decline if funding is reduced. This could then have a detrimental effect on the outcome of Ofsted inspections.

- j. There is also a concern that some, post 16 providers would look at increasing their mainstream provision in preference over developing their specialist provision in order to secure guaranteed funding.
- k. Post 16 providers have a number of challenges with maintaining income and have very different financial positions to mainstream settings. Therefore, a reduction in top-up funding across the board would have a detrimental effect on their ability to deliver quality specialist provision.
- l. All representatives from the mainstream settings made it clear that a request for additional funding from the schools' block would not be looked upon favourably.