

HIGH NEEDS BLOCK

To: Cambridgeshire Schools Forum

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Purpose: To provide Schools Forum with an update on the High Needs Block, including current pressures and planned actions/mitigations.

Recommendation:

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| <ul style="list-style-type: none"> a) Members of Schools Forum are asked to not and comment on the contents of the report below. b) Members of Schools Forum are invited to be part of a working group to develop options for reducing High Needs Block spend to sustainable levels. |
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1. BACKGROUND

- 1.1** As previously reported to Schools Forum, changes in national legislation and funding arrangements, alongside continuing increases in overall numbers and complexity of need are continuing to place pressure on the High Needs Block (HNB).
- 1.2** The table below shows the level of HNB received since 2014/15 set against the budgeted and actual expenditure for the same periods:

	High Needs Block Income Received £'000	High Needs Budgeted Expenditure £000	High Needs Actual Expenditure £000	High Needs Overspend £000
2014/15	63,799 *	60,459	61,800	1,341
2015/16	64,138 *	61,955	63,205	1,250
2016/17	64,902 *	63,001	65,701	2,700
2017/18	64,339	65,251	69,999	4,748
2018/19	65,910	67,110 *	70,419 Forecast	3,300+ Forecast

***Please note:**

1) Due to the way in which statements of SEN were funded prior to April 2013 and the subsequent requirement for mainstream schools to fund the first £6,000 of each statement a technical adjustment was required from 2013-14 to 2016-17 to transfer funds back to schools, hence why the High Needs

Budget Expenditure appears lower than the High Needs Block received in these initial years. This has now been reflected in the revised baseline block allocations.

2) The 2018/19 budget includes £1.2m of transfers from other funding blocks (£0.5m from Central Block and £0.7m from the Schools Block) which will need to be reapproved in future years.

- 1.3** The forecast pressure for 2018/19 is based on initial assumptions around spend in the second half of the year continuing on a similar trajectory as in previous years and assumes delivery of some in-year savings. The overall position will become clearer during October/November once autumn term changes have taken effect.
- 1.4** In previous years, the overspend on the HNB has been offset by a combination of underspends on other DSG funded activities and DSG carryforward. At the end of 2017/18 all DSG reserves have been applied and a net deficit of £642k was on the overall DSG carried forward. The main areas of overspend within the HNB can be summarised as:

	£'000
High Needs Top-Up Funding (Pre and Post-16)	£2.17m
Special Educational Needs (SEN) Placements	£1.37m
Out of School Tuition	£0.82m
Special School Quantum	£0.48m
High Needs Units	£0.29m

- 1.5** Based on the Dedicated Schools Grant (DSG) conditions of grant there are three options when there is a deficit carried forward:
- The local authority (LA) may decide to fund all the overspend from its general resources in the year in question.
 - The LA may decide to fund part of the overspend from its general resources in the year in question and carry forward part to the schools budget in the next year or the year after that.
 - The LA may decide not to fund any of the overspend from its general resources in the year in question and to carry forward all the overspend to the schools budget in the next year or the year after that.
- 1.6** A LA needs to obtain the consent of the Schools Forum, or failing that the Secretary of State, to fund this deficit from the schools budget, however the LA is currently not in a position to consider meeting the overspend from general resources.
- 1.7** Additional to these conditions, recently published operational guidance contains additional reference to DSG Balances:

“An increasing number of local authorities are now incurring a deficit on their overall DSG account, largely because of overspends on the high needs block. With effect from 2019 to 2020 the department intends to tighten up the rules under which local authorities have to explain to us their plans for bringing the DSG account back into balance.

We intend to require a report from any local authority that has a DSG deficit of more than 1% as at 31 March 2019. This report will need to be discussed with the schools forum and set out the authority’s plans for bringing the DSG account back into

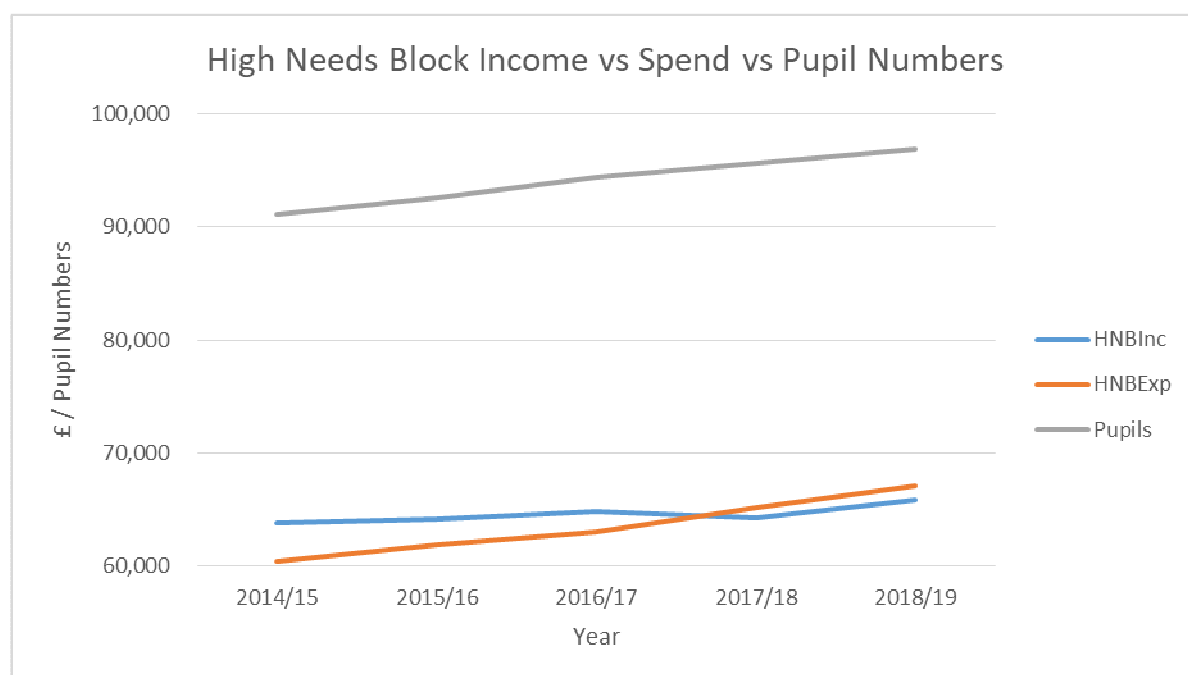
balance.

We will consult local authority representatives during the autumn of 2018 about the detailed implementation of these new rules.”

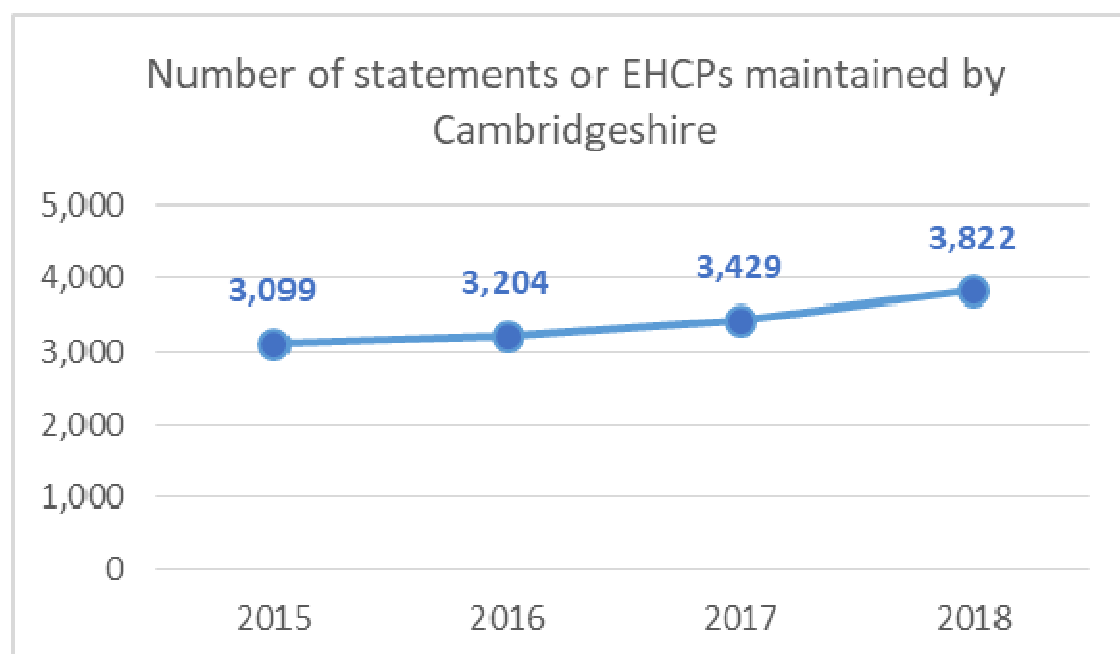
- 1.8** Alongside the revised published guidance the Education and Skills Funding Agency (ESFA) have also published initial illustrative HNB funding figures for 2019/20 which suggest an increased allocation of £66,674k, compared to the £65,910k received in 2018/19. However as actual figures are based on revised census data it is likely the final figure will change significantly and as such will not be known until December.

2 HIGH NEEDS TRENDS AND DATA

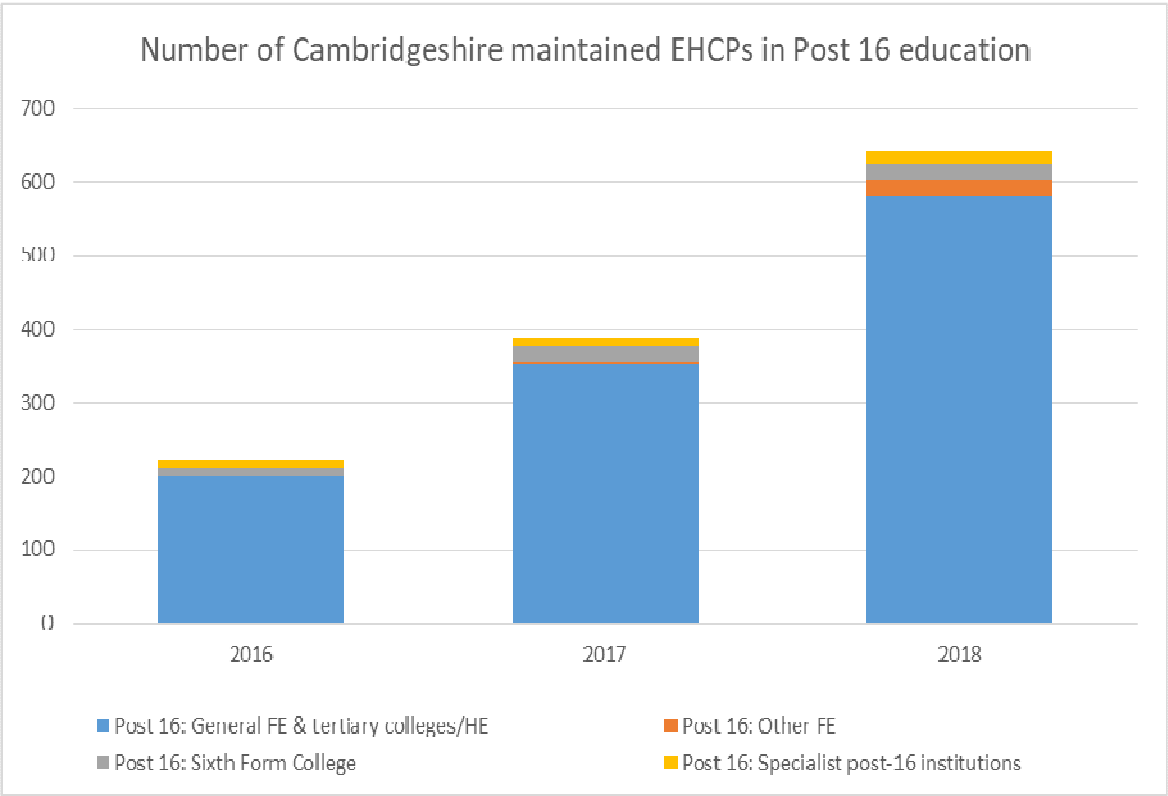
- 2.1** The graph below shows levels of HNB received in the last 5 years compared to actual spend and pupil numbers.



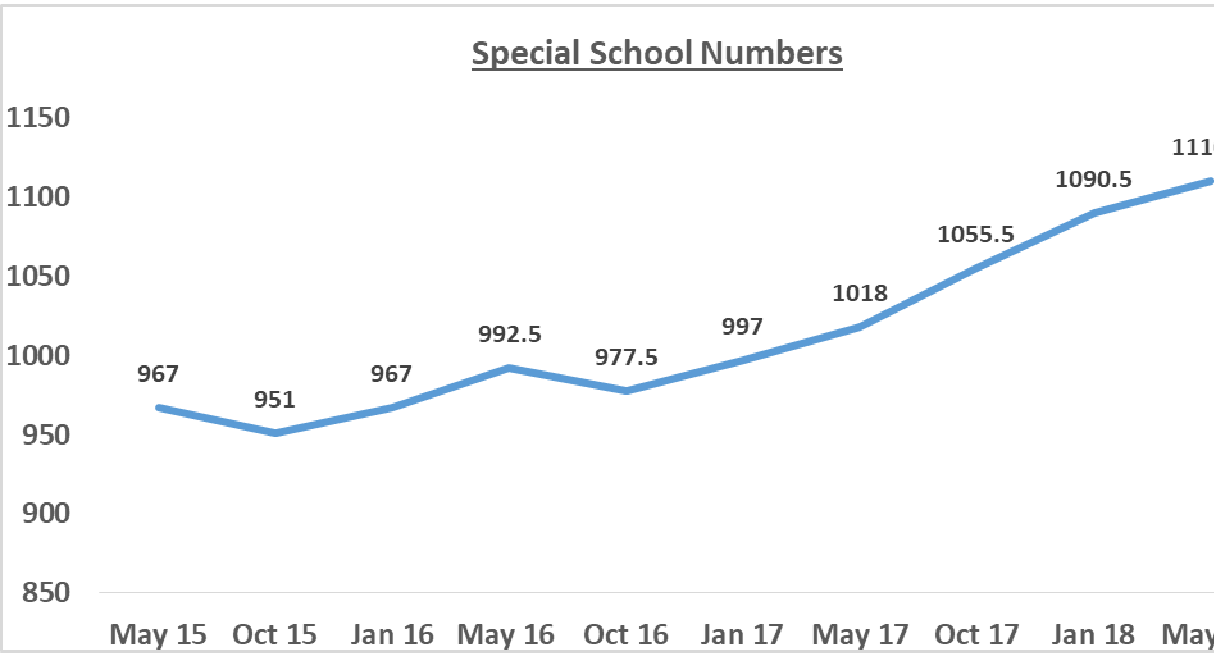
- 2.2** The overall number of Education and Health Care Plans (EHCP's) maintained by Cambridgeshire has increased significantly over the last 3 years.



2.3 One of the main areas where numbers and associated costs have increased is within the Post 16 sector.



2.4 Special School numbers are also continuing to increase at a significant rate.



2.5 The SEN Placement budget continues to be under pressure due to a combination of factors, including:

- Placement of one young person in out of county school needing residential provision, where there is appropriate educational provision to meet needs.
- Placement of a young person in out of county provision as outcome of SENDIST appeal. (First-Tier Tribunal)

Placement Type	Total Spend	Average	High	Low	Notes
52 week	£5,904,498.00	£236,180.00	£345,307.00	£51,882.00	
45 week	£198,347.00	NA	NA	NA	
38 / WEEKLY	£862,479.00	£61,606.00	£82,500.00	£31,112.00	
DAY / FORNIGHTLY	£1,448,754.00	£41,393.00	£98,506.00	£8,007.00	w/Grett on
DAY / FORNIGHTLY	£190,753.00	£13,625.00			w/O Gretton
GRETTON SLA	£2,833,000.00	£42,284.00	£82,500.00	SLA	

We are currently experiencing an unprecedented increase in requests for specialist SEMH (social, emotional and mental health) provision. Our local provision is now full, which is adding an additional demand to the High Needs Block.

The first of these pressures highlights the problem that the Local Authority faces in accessing appropriate residential provision for some children and young people with SEND. Overall, there are rising numbers of children and young people who are Looked After Children (LAC), have an EHCP and have been placed in a 52 week placement. These are cases where the child cannot remain living at home. Where there are concerns about the local schools meeting their educational needs, the SEN Placement budget has to fund the educational element of the 52 week residential placement; often these are residential schools given the level of learning disability of the young children, which are generally more expensive.

In addition, there are six young people not able to be placed in county due to lack of places in SEMH provision. Some of these young people will receive out of school tuition package whilst waiting for a suitable mainstream school placement, with support. Others have needs that will not be able to be met by mainstream school, and if no specialist places are available in county, their needs will have to be met by independent/out county placements.

2.6 The Out of School Tuition budget also continues to face rising pressures. This is due to a combination of a higher number of children remaining on their existing packages and a higher number of children accessing new packages, due to a breakdown of placement, than the budget can accommodate.

September 2017 OOST Analysis			
Number of children receiving out of school packages		119	
Age of children receiving out of school packages		5 to 19 years	
Number of packages > 6 months old		77	
			Average Per Child
Average weekly cost of packages overall	Total	£142,328.04	£1,196.03
Average weekly cost of packages - > 6 months		£61,654.00	£800.70

There has been an increase in the number of children with an Education and Health Care Plan (EHCP) who are awaiting a permanent school placement, with many of those placements unable to commence.

Several key themes have emerged throughout the last year, which have had an impact on the need for children to receive a package of education, sometimes for prolonged periods of time:

- Casework officers were not always made aware that a child's placement was at risk of breakdown until emergency annual review was called.
- Casework officers did not have sufficient access to SEND District Team staff to prevent the breakdown of an education placement in the same way as in place for children without an EHCP.
- There were insufficient specialist placements for children whose needs could not be met in mainstream school.
- There was often a prolonged period of time where a new school was being sought, but where schools put forward a case to refuse admission.
- In some cases of extended periods of tuition, parental preference was for tuition rather than in-school admission.
- In some cases, there was insufficient post-discharge support for young people leaving in-patient mental health care and unable to yet re-access school.

3 FUTURE ACTIONS AND MITIGATIONS

3.1 The SEND Strategy was launched in September 2018, following a period of coproduction with key stakeholders across Cambridgeshire and Peterborough. It now undergoes a period of consultation and the final draft will be published in early 2019. Key concerns highlighted within the Strategy are:

- the growth in overall numbers and trends for the future
- the need to ensure SEND is "everybody's business" and not just the concern of the few
- ensuring that the participation of children and young people in services development and commissioning should become routine, part of 'the way that we work'

- the need for the development of a graduated response and access to services that prevent escalation including school to school support
- the growth in post 16 young people with an EHCP – there is a need for improved preparation for moving into adulthood and associated service development
- the lack of a cohesive, co-ordinated offer at transition points from services working together, particularly the issues that arise from the misalignment between health services (0-18) and LA services for 0-25 year olds
- the patchiness and fragility of current integrated and collaborative working which needs to further develop including joint decision making, funding arrangements etc
- the need to further develop joint robust commissioning processes/commissioning cycle (e.g block and school contracts, mental health services)
- gaps in provision across all services (health, education and social care) - joint commissioning ensures that children are being educated as close to home as possible – there is a need to rebalance spend and use all resources to deliver in the appropriate setting
- need to better understand severity and extent of needs and develop a good local offer re: early help, children in need and those with more complex needs including the care offer from all social care services
- use and allocation of financial resources needs to be more transparent

Following consultation, we expect the SEND Strategy to give clear intent for the provision of education, health and social care in Cambridgeshire. Without pre-empting the outcome of the SEND Strategy Consultation, SEND Services 0-25 are working on the following action plans, focusing on those key areas of concern:

- SEND Services Operational Action Plan (in order to improve internal service delivery, including an urgent implementation plan for the Statutory Assessment Team which will tackle capacity and backlog issues)
- SEMH Review Action Plan
- Out of School Tuition Action Plan

3.2 The SEND Sufficiency Review has been underway for most of 2018. The September 2018 position is as follows:

What has been done:

- A large scale collation of data (national and local) and projections based on a three-year weighted average formula
- The cleansing of data to ensure accuracy in projections
- The continued addition of up to date data as it became available
- The production of a Commissioning Matrix which starts to look at banded severity of need and allows us to forecast alternative outcomes against current projections.
- Two commissioning simulations have taken place which significantly shift key projections.

What needs to happen next:

- Further interrogation of the data and projections
- The build of a tool which will support commissioners in future decision making

- The co-production of descriptors for the severity of need banding
- Agreement regarding the tiered funding model which links to severity of need banding
- Further commissioning simulations to challenge the current projections
- Co-production of a SEND Commissioning Strategy, which will:
 - Build on the work of the SEND Strategy and the Cambridgeshire Expects working group to develop a charter or inclusion statement and which promotes the collective responsibility of all to address the decline in SEN Support, rise in EHCPs, special schools and specialist provision
 - reduce the use of expensive independent placements, particularly those outside of Cambridgeshire
 - strengthen early intervention and SEN Support, increasing parental confidence and reducing the need for inappropriate EHCPs.
 - reduce transport distance and costs, keeping children and young people local
 - explore the use of existing Cambridgeshire school buildings to avoid any unnecessary capital programmes
 - co-produce a graduated response to need which makes clear the expectations for all
 - explore the option of short-term funding at SEN Support, provided that schools could evidence the use of the graduated response
 - explore the work of other Local Authorities who separate EHCPs from funding (eg, an EHCP can be issued without funding attached if the severity of need is low and can be met within existing resources).

Out of School Tuition Budget

There are a number of work streams underway which seeks to reduce the spend on tuition:

- Where capacity allows, we are utilising the SEND District Team to support schools where children and young people with an EHCP are at risk of placement breakdown. We are gaining evidence to build a business case which will seek to increase the capacity of SEND District teams, in order to provide better placement support.
- We are working on a re-tender for a Dynamic Purchasing System which will be online from April 2018. This will widen the market and lessen the over-reliance on our current small number of providers. The specification will also include Independent Special Schools, Independent Foster Care Agencies and LAC placements.
- We are reviewing Behaviour Support across Cambridgeshire County Council, including key lines of accountability and relaunch of County Behaviour Guidance
- We are building on the early signs of success of the Cambridgeshire Steps Programme which is demonstrating a reduction in exclusions for subscribing schools. This includes a roll-out of training to wider Cambridgeshire County Council staff including Early Help family workers, Education Inclusion Officers and School Intervention Service team members.
- We are trialling further small tuition centres, in order to bring appropriate cohorts of children/young people together to improve socialisation and reduce 1:1 or 2:1 high cost tuition.
- We are reviewing the outcome of the Positive Behaviour Support Project (Children with Disabilities Social Care Team) which is showing success with a small number of children at risk of becoming Looked After or in 52 week out of county residential schools, due to behaviour which challenges. They have been able to demonstrate a

return on investment, plus significant additional savings.

- Work is ongoing with the Pilgrim Pru to look at how they might develop a hospital outreach team to support reintegration from hospital care, especially Tier 4 Mental Health units.

4.0 FUTURE FUNDING

- 4.1** Despite all of the actions detailed above there will be a significant underlying deficit at the end of the current financial year which will be carried forward into 2019/20. As noted in 1.7 above should the deficit be greater than 1% of the DSG a report will need to be discussed with the schools forum and set out the authority's plans for bringing the DSG account back into balance.
- 4.2** Equally the indicative High Needs Block allocation for 2019/20 suggests only a small uplift in funding when compared to 2018/19 levels. As a results a request for a further transfer of funding from the Schools Block, up to the allowable 0.5% limit will be consulted upon (as covered in paragraphs 25-31 of the draft consultation document.)
- 4.3** Even if this transfer is approved there will still be a shortfall in resource when compared to current spend and as such will need to work with all providers and members of Schools Forum to develop further options for reducing spend to sustainable levels.

Source Documents	Location
<i>National funding formula tables for schools and high needs: 2019 to 2020</i>	https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2019-to-2020
<i>Schools Revenue Funding 2019 to 2020: Operational Guidance</i>	https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/730636/Operational_guide_2019_to_2020.docx