

**Decision maker:** Schools Forum

**Subject:** Pressures on the High Needs Block

**Date of decision:** 21 November 2017

**Report from:** Alison Jeffery - Director Children, Families and Education

**Report by:** Julia Katherine - Head of Inclusion

**Wards affected:** All

**Key decision:** No

**Budget & policy framework decision:** No

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## **1. Purpose of report**

- 1.1.** To inform Schools Forum of the current pressures on the High Needs block and to provide analysis of the reasons for this and the work being undertaken to manage these pressures.

## **2. Recommendations**

- 2.1.** It is recommended that Schools Forum:
- Notes the current pressures on the High Needs block and the actions being taken to manage these within the resources available.
  - Note that should demand for spend within the High Needs block exceed the available funding, allocations within the block will need to be adjusted to avoid overspend as the current opportunity for cross subsidy will not be available.

## **3. Background**

- 3.1.** The High Needs Block within the Dedicated Schools Grant is made up of the following:
- Special School (place plus) funding
  - Element 3 funding for children with EHCPs in mainstream schools
  - Post-16 funding
  - Out of city funding (including tier 4 CAMHs placements)

- 3.2. In 2016-17 the total planned budget<sup>1</sup> for high needs was £15,145,942.
- 3.3. The actual total for high needs - was £15,365,081. The overspend was offset by 2015/16 DSG carry forward.
- 3.4. This report sets out the reasons for that overspend and provides further explanation of the pressures on the high needs block and the implications of this going forward.
- 3.5. The funding that has been allocated from central government up to 2017 has been cash flat. The flexibility between the blocks within the DSG has enabled us to make up the shortfall by taking money from the schools block. This flexibility will be limited in 2018/19 and won't be available in future years.

#### **4. Special School funding**

- 4.1. There has been an increase in overall funding going to special schools to reflect the increased costs of providing specialist education to support children with increasing complex needs, whose needs cannot be met within mainstream settings. With the agreed revision of the banding levels from September 2017, this overall amount is predicted to increase again.
- 4.2. In 2015-16 total place<sup>2</sup> and element 3 top-up funding provided to special schools totalled £7,051,665.
- 4.3. In 2016-17 total place<sup>2</sup> and element 3 top-up funding provided to special schools totalled £7,228,23.
- 4.4. In 2017-18 total place<sup>2</sup> and element 3 top-up funding is forecast to be £6,890,640. This amount has reduced as Redwood Park became an academy in February 2017 so this figure does not include the place funding for Redwood, which is paid to academies directly by the Education and Skills Funding Agency (ESFA).
- 4.5. The increase in the complexity of need of pupils placed at special schools within the city is reflected in changes in the banding that pupils are assigned and the associated financial values. The table below sets out the movement between the special school funding bands between autumn term class lists.

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<sup>1</sup> Excluding place funding for academy special schools, inclusion units and alternative provision settings

<sup>2</sup> Excluding place funding for academy special schools.



Movement between autumn term class lists			
	14 to 15	15 to 16	Total
A	-1	-4	-5
B	11	11	22
C	-1	8	7
D	0	1	0
E	13	2	15
F	-7	-10	-17
G	8	36	44
H	-25	-31	-56
	-3	13	10

## **5. Element 3 funding for children with Education Health and Care Plans (EHCPs) in mainstream schools**

- 5.1. There has been an increase in the number of children with EHCPs in mainstream schools and an increase in the cost of this support.
- 5.2. In 2015/16 there were 280 students placed in mainstream schools with an EHCP at a total cost of £673,005 (average cost £2,403 per student).
- 5.3. In 2016/17 there were 325 students placed in mainstream schools in Portsmouth with an EHCP at a total cost of £889,287 (average cost £2,736 per student).
- 5.4. In 2017/18 there are 348 students (as at October 2017) placed in mainstream schools in Portsmouth with an EHCP at a total cost of £1,178,605 (average cost £3,386 per student).

## **6. Post-16 funding**

- 6.1. The Children and Families Act 2014 extended the age range of those who are eligible for a statutory education health and care assessment and additional support up to the age of 25 without a subsequent increase in funding to the local authority. This has resulted in an increase in the number of young people whose post-16 placements are supported by additional funding.
- 6.2. In 2015/16 Portsmouth placed 72 students with EHCPs in Post-16 colleges at a total cost of £502,382 (average £6,978 per student).
- 6.3. In 2016/17 Portsmouth placed 107 students with EHCPs in Post-16 colleges at a total cost of £827,910 (average £7,737 per student).
- 6.4. In 2017/18 Portsmouth have placed 106 students (as at October 2017) with EHCPs in Post-16 colleges at a total cost of £819,319 (average £7,729 per student).

## **7. Out of city placements**

- 7.1.** The funding of out of city placements is the most unpredictable and volatile area of the high needs block. Children may require a placement out of the city if either their education or social care needs or both cannot be met within the city. Individual placement decisions can have a significant impact on the high needs block. It is important to note that the overall number of children placed out of the city has not increased.
- 7.2.** In 2015/16 Portsmouth had 38 students with EHCPs placed out of the city at a total cost of £2,251,496 (average £59,249 per student).
- 7.3.** In 2016/17 Portsmouth had 37 students with EHCPs placed out of the city at a total cost of £1,954,433 (average £52,822 per student).
- 7.4.** In 2017/18 Portsmouth have 36 students (as at October 2017) with EHCPs out of the city at a total cost of £1,960,617 (average £54,461 per student).

## **8. Tier 4 CAMHs placements**

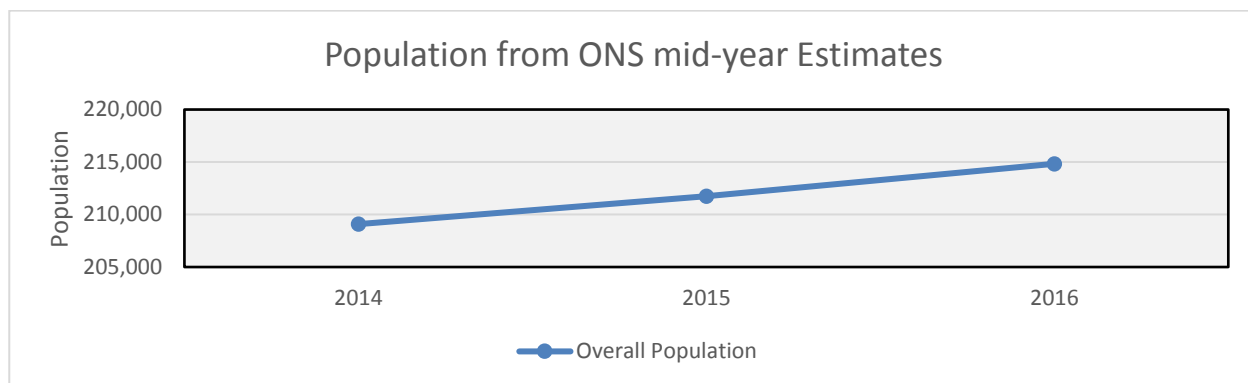
- 8.1.** Occasionally Portsmouth children are placed by CAMHs in tier 4 placements, commissioned by NHS England, and the local authority are required to fund the education element of the placement.
- 8.2.** Portsmouth receives 'Medical Block' funding to make provision for children who are unable to attend school due to their medical needs, however this block of funding £660,000, is delegated to The Harbour School to provide medical tuition for children within the city. The funding for tier 4 placements has therefore been taken from Out of City funding.
- 8.3.** In 2015/16 Portsmouth were required to contribute to the education costs of 2 students placed outside of the city in tier 4 CAMHs placements at a total cost of £11,462 (average £5,731 per student).
- 8.4.** In 2016/17 Portsmouth were required to contribute to the education costs of 5 students placed outside of the city in tier 4 CAMHs placements at a total cost of £23,496 (average £3,357 per student).
- 8.5.** In 2017/18 Portsmouth have so far been required to contribute to the education costs of 1 student placed outside of the city in tier 4 CAMHs placements at a total cost of £3,850 (average £3,850 per student). A further 6 students are currently placed in CAMHS settings and we are awaiting information regarding the potential cost of these placements.

## **9. Reasons for the pressure on the High Needs Block**

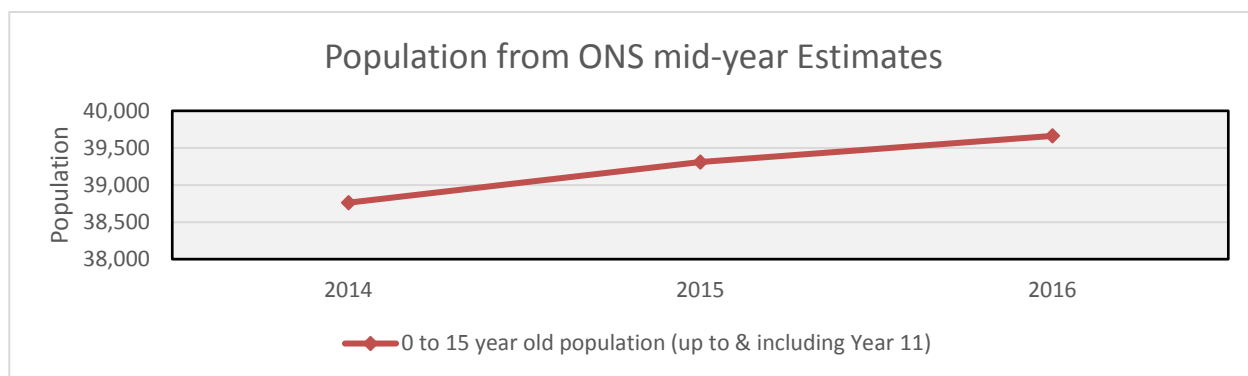
- 9.1.** A number of contributory factors are set out below.

## 9.2. Population increase

9.2.1. Between 2014 and 2016, the overall population increased from 209,085 to 214,832 (ONS mid-year Estimates).



9.2.2. For the same period, the 0-15 year old population has increased from 38,761 to 39,662 (ONS mid-year Estimates).

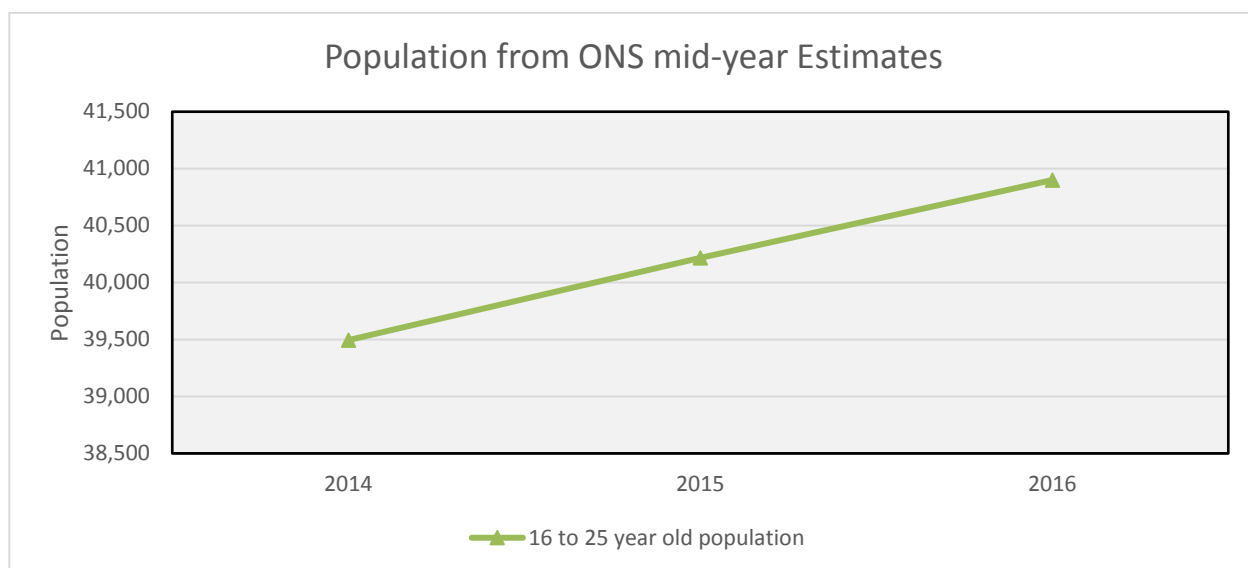


9.2.3. Whilst the population has increased, the funding within the high needs block has remained cash flat. The same amount of funding is therefore having to provide high needs support to more children and young people.

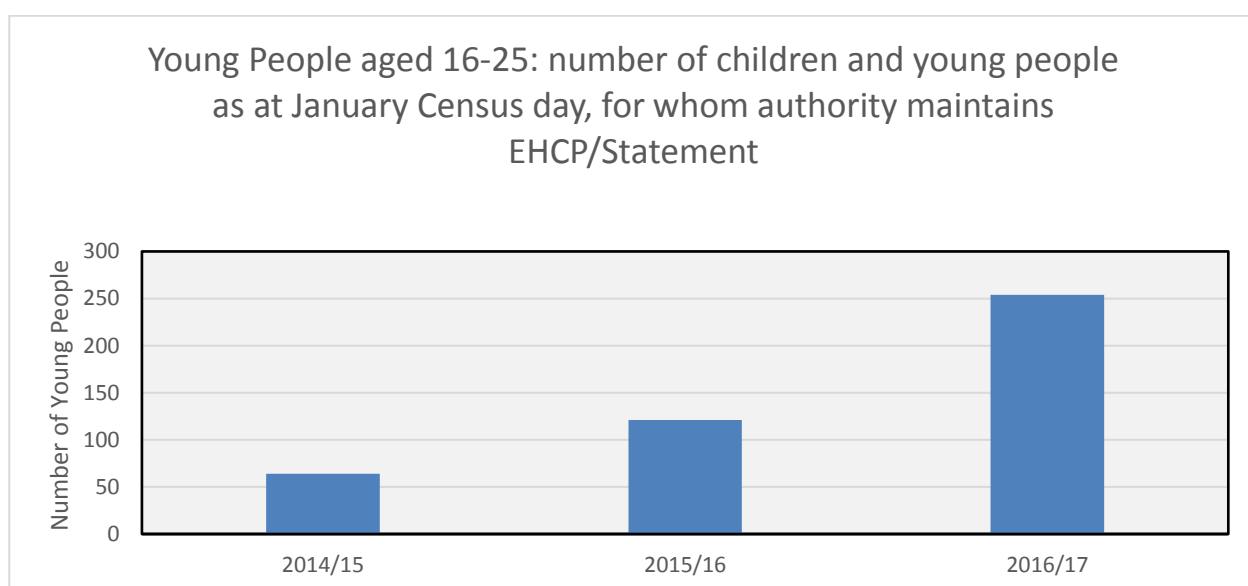
## 9.3. Extended age range

9.3.1. The Children and Families Act 2014 extended the statutory protections for children and young people with SEND up to the age of 25. This has resulted in a need to fund educational provision for 16 to 25 year olds with additional needs, but without an increase in funding to reflect these new statutory duties, thereby putting pressure on the high needs block.

9.3.2. In Portsmouth in 2016, there are 40,900 young people between the age of 16 and 25, an increasing cohort, as shown below.

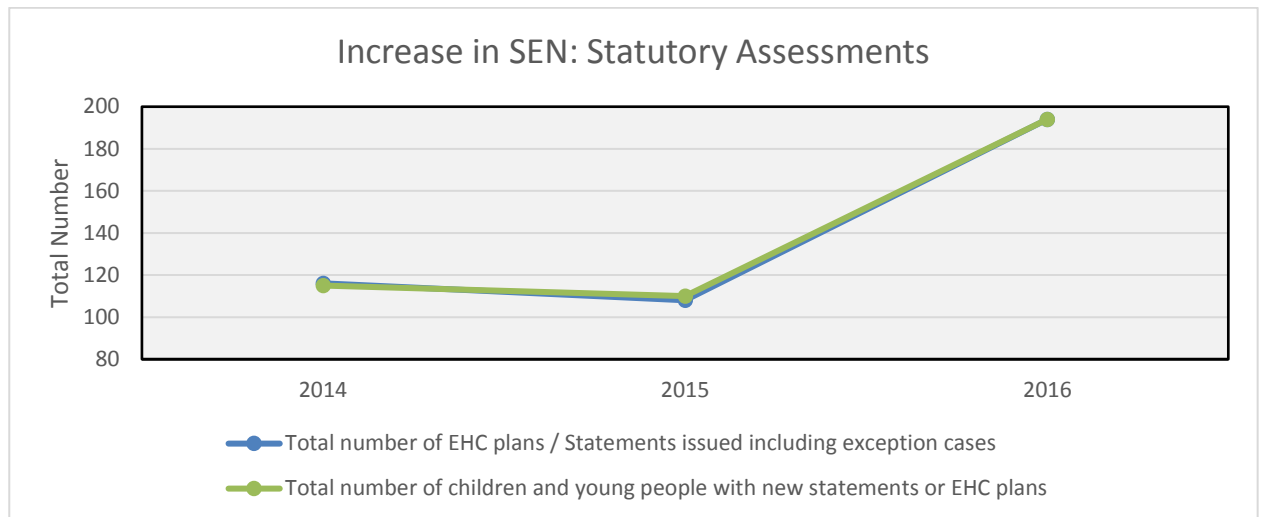


9.3.3. Consequently, the numbers of young people aged 16 to 25 with a statement or EHCP has increased. In January 2017, there were 254 young people aged between 16 and 25 with an EHCP or Statement, an additional and increasing pressure on the high needs block.



## 9.4. Increase in SEN

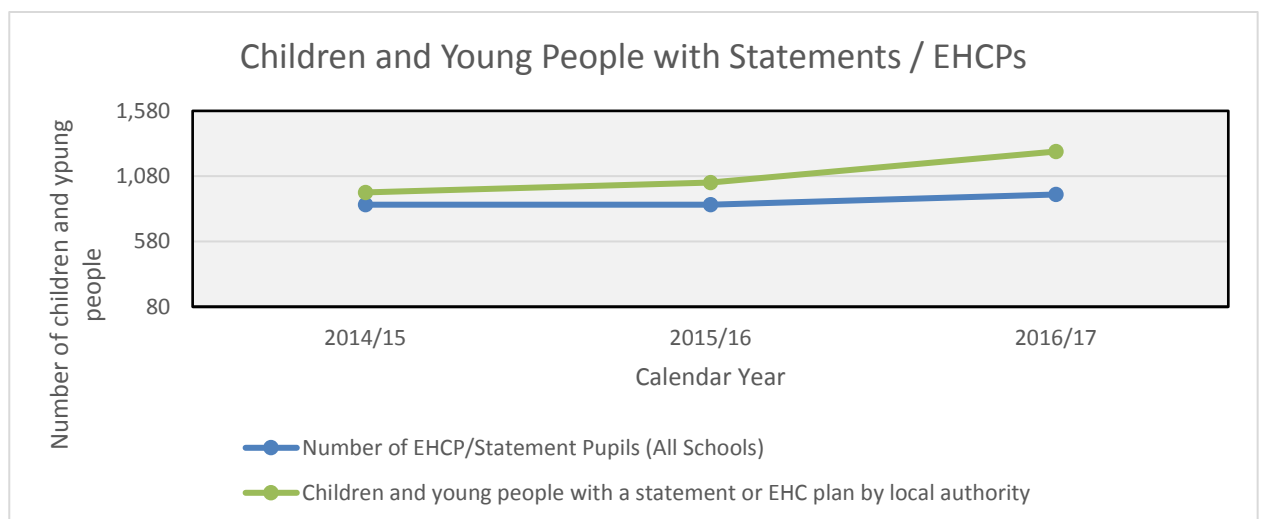
9.4.1. The overall numbers of children/young people with SEN has also increased. The table below shows the increase in statutory assessments over the past 3 years.



9.4.2. Most requests for statutory assessment are agreed and result in an EHCP, with additional funding attached.

## 9.5. Increase in EHCPs

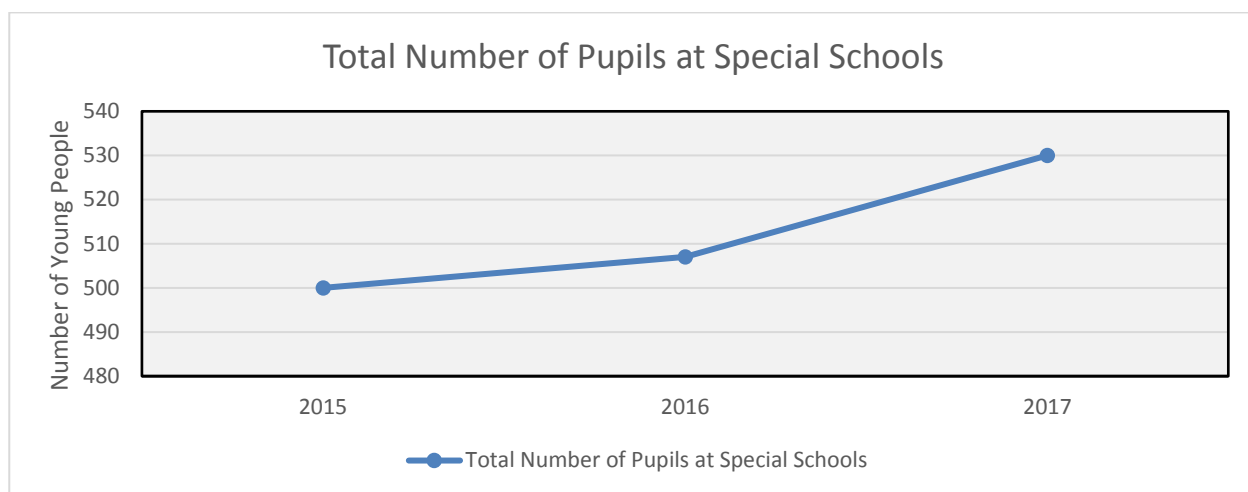
9.5.1. Having remained at 3.1% of the population for several years, the percentage of children and young people with a statement or EHCP has increased this year to 3.3%. The national average is 2.8%.



9.5.2. Added to this, the average cost per EHCP is increasing (as illustrated in section 5 above), putting increased pressure on the high needs block.

## 9.6. Increasing complexity of need

9.6.1. There are increased numbers of children with more complex needs. This can be seen in the rising numbers of children in special schools both within Portsmouth and out of city. In addition, the increasing complexity of need is demonstrated by the growing numbers of children within special schools on higher bands (as illustrated in section 4.5 above).



## 10. Comparison to other local authorities

**10.1.** Portsmouth is not unique in seeing this increasing pressure on the high needs block. In fact a recent survey of local authorities by the Association of Directors of Children's Services has reported that:

**10.2.** Headline messages from the survey are:

- Across the 85 LAs who responded, the planned high needs block budget for 2016/17 was £2.95 billion and the actual spend was £3.08 billion
- 68 local authorities reported an overspend totalling £139.5 million
- The most common means of managing an overspend were: utilising DSG reserves; transferring funding from the schools and early years block; and/ or carrying the high needs block deficit forward.

**10.3.** Local authorities were asked about the specific issues which were driving demand and cost pressures in the high needs budget and from the received responses, three themes emerged:

- the increase in numbers of children with SEND related to the extension of support to young people up to the age of 25 and early identification of additional needs, particularly in the early years;
- increasing complexity of need; and,
- a lack of capacity within mainstream settings to provide a graduated response to additional needs before turning to statutory processes.

**10.4.** ADCS has recently met with DfE officials to discuss the continued implementation of the SEND reforms and future challenges. We will continue to use the results from the survey to stress the need for continued support around the implementation of the SEND reforms, the need to address some of the unintended consequences that have emerged as a result of the reforms and a funding system that adequately reflects the needs of children with SEND.



**11. The following actions are being taken to ensure that Portsmouth local authority continues to meet its statutory duties to provide school placements and support for the increasing numbers of children and young people with special educational needs and disabilities, within the resources available:**

- 11.1.** The Inclusion Support Panel process ensures that there is consistent and robust decision-making to agree statutory assessments, issue EHCPs and agree placements and appropriate levels of support. The involvement of professionals from schools as well as from health and social care, as well as trained parents representatives provides a level of moderation and challenge to the decision-making process.
- 11.2.** The SENCo Network provides information and professional development to SENCos to support them in their role in schools. The guidance on identification of SEN Support and making a judgement as to when it is appropriate to request an EHC needs assessment is being refreshed.
- 11.3.** As part of the SEND Strategy, there are a number of workstreams which will impact on the increasing demand that is being experienced within the SEN system:
- **Co-production** work with parents/carers and young people has started to explore some of the views and concerns of families as 'service users' and is looking for ways in which parents/carers can be reassured about the SEN Support being provided for their child in school, without the need for an EHCP.
  - A **Joint Commissioning Plan**, has been agreed between the local authority and Clinical Commissioning Group which has identified a number of areas in which we can jointly commission a continuum of provision to better meet needs and avoid duplication.
  - Work is being undertaken on **Early Identification** of SEN needs, using the intelligence available to the Early Years Panel to better predict future SEN needs.
  - An **Inclusion group** is focusing on identifying and removing the barriers to inclusion, in particular those experienced by mainstream schools.

**12. A Strategic Review of SEND provision is underway, with the following remit:**

The two local authorities of Portsmouth and Southampton are jointly commissioning a strategic review of the provision for children and young people aged 0-25 years with special educational needs and disabilities (SEND) to ensure future demands can be met and which are financially sustainable.

This follows an announcement by the Government in December of last year which published details of funding for local authorities to carry out a strategic review of SEND provision, including consideration of the continuum of provision

available to meet the range of identified need, as well as the sufficiency of provision going forward.

The Review will build on the work that has already been undertaken in Portsmouth and Southampton and will be underpinned by the SEND Strategies that are already in place in the two cities.

With a focus on financial sustainability, the review will focus on a number of shared key priorities, namely:

1. Reviewing the use of high cost out of city placements, where provision is not available locally
2. Reviewing the availability of post-16 provision for students with SEND, including for those with a sensory impairment
3. Meeting the needs of the growing number of children and young people with autism/social communication needs and associated sensory integration difficulties and challenging behaviour
4. Meeting the needs of the growing number of children with severe learning difficulties and complex needs, which is currently putting pressure on special school places
5. Reviewing the use of resourced provision/inclusion centres
6. Reviewing the identification of SEND and thresholds for requesting EHCP needs assessments

- 12.1.** The SEND Strategic Review will be concluded by March 2018.  
Recommendations will be taken forward as part of the overall SEND Strategy.

### **13. Reasons for recommendations**

- 13.1.** This report is updating Schools Forum on the current pressures within the High Needs block and the actions being taken to manage them within the resources available.

### **14. Equality impact assessment**

- 14.1.** This report does not require an Equality Impact Assessment as the proposal does not have an impact upon any particular equalities group.

### **15. Legal implications**

- 15.1.** The report outlines the statutory obligations and the key responses as outlined above will mitigate potential challenge.

### **16. Finance comments**

- 16.1.** The Department for Education has recognised the financial pressures faced by local authorities as set out in the attached report. In the "High Needs funding 2018 to 2019 operational guide" the DfE explains the move from a cash flat



funding allocation to authorities to an allocation based on High Needs pupil numbers and characteristics. At this stage the indication is an increase in High Needs funding to Portsmouth which reflects the increased need and demographic of the City. The actual funding will be confirmed in mid-December 2017 and a recommendation of the proposed 2018-19 High needs budget will be taken to Cabinet Member and Schools Forum in January 2018.

Signed by: Alison Jeffery - Director of Children's Services.

### Appendices:

#### Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....