

Decision maker:	Schools Forum
Subject:	Recommendations from the SEND Strategic Review relating to managing the spend within the High Needs Block of the Dedicated Schools Grant
Date of decision:	10 th October 2018
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

1. Purpose of report

- 1.1. To inform Schools Forum of the recommendations arising from the SEND Strategic Review relating to managing the spend within the High Needs Block and the actions that have been taken in response to this in order to manage these pressures.

2. Recommendations

- 2.1. It is recommended that Schools Forum:
 - 2.1.1 Notes the recommendations that have been made as a result of the SEND Strategic Review (as set out in Appendix I).**
 - 2.1.2 Endorses the actions that are being implemented in response to these recommendations (as set out in Section 4).**
 - 2.1.3 Endorses the proposals to manage the spend within the High Needs Block for 2019-20 (as set out in Section 5).**

3 Background

- 3.1 The High Needs Block within the Dedicated Schools Grant is made up of the following:
 - Special School place plus funding

- Alternative Provision (commissioned by the local authority) place plus funding,
- Inclusion Centre (additionally resourced provision commissioned from mainstream schools) place plus funding
- Element 3 funding for children with EHCPs in mainstream schools
- Funding for post-16 learners with high needs
- Medical block (medical tuition) funding
- Funding for out of city placements (including tier 4 CAMHs placements)
- Centrally funded services including the Sensory Impairment Team, Portage and Outreach.

3.2 This budget has been under increasing pressure over the past few years. Previous reports to Schools Forum have set out the growing pressures on the High Needs Block and the reasons for these (see report to Schools Forum dated 21st November 2017).

3.3 The High Needs Block 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 was significantly reduced for 2018/19 to only 0.5% and again for 2019/20 and is unlikely to be available in future years.

3.4 In 2016-17 a projected overspend of £219,139 in the High Needs Block was offset by 2015/16 DSG carry forward. Costs were contained within the budget provision in 2017/18, however, expected increased pressures resulted in an inability to balance the DSG budget for 2018-19, resulting in a projected requirement in the region of £400,000 to be set against the DSG balance brought forward.

4 SEND Strategic Review recommendations

4.1 A SEND Strategic Review was jointly commissioned by Portsmouth and Southampton City Councils in June 2017, the review was grant funded from central government with the purpose of reviewing the provision for children and young people aged 0-25 with special educational needs and disabilities and make recommendations that would enable the increasing demand to be met within existing resources.

4.2 The review involved research and enquiry of the evidence base to inform practice; benchmarking against statistical neighbours and national databases; information gathering and data analysis; visits to a range of provisions across the city and meetings with stakeholders across education, social care, health and the voluntary sector, parents and children / young people.

4.3 The review focused on six priorities that were identified by both councils:

- High cost out of city placements
- Availability of post-16 provision
- Meeting the needs of the growing number of children and young people with autism

- Meeting the needs of the growing number of children and young people with severe learning difficulties and complex needs which is putting pressure on special school places
 - The use of inclusion centres
 - The identification of SEND and thresholds for requesting an Education, Health and Care (EHC) need assessment
- 4.4 As a key principle and aim of the Portsmouth SEND Strategy inclusion and inclusive practice was also explored due to its importance as part of a graduated response to meeting the needs of children with SEND.
- 4.5 The review was published at the beginning of June 2018 and made 49 recommendations on how to meet the increasing need and future demands in a way that will be financially sustainable.
- 4.6 The final report has been presented to the SEND Board and incorporated into the 9 ambitions of the refreshed SEND 0-25 Joint Commissioning Strategy. The Implementation Plan arising from the review, including all 49 recommendations, can be found in Appendix I.
- 4.7 Key actions arising from the SEND Strategic Review recommendations, for consideration and endorsement by Schools Forum include the following:
- 4.7.1 **SEND Place Planning Strategy** to be developed and published alongside the Primary and Secondary Place Planning Strategies, using the methodology for predicting need and demand for specialist school placements that was used within the SEND Strategic Review (from recommendations 10.2.3, 11.1 and 10.3.3). This will have implications for both capital and revenue funding.
 - 4.7.2 **Review the admissions criteria for special schools and Inclusion Centres** to ensure a continuum of provision to meet the needs of children whose SEN cannot be met from within what is Ordinarily Available within mainstream schools (from recommendations 10.2.5, 10.4.4 and 10.5.2).
 - 4.7.3 **All children and young people placed out of the city are reviewed at least annually** to determine whether and how the needs could be met within the city. Where there is a concern from any agency that a child or young person is at risk of not having their needs met within the city, cases are discussed at the earliest opportunity to determine how agencies can work together proactively to ensure needs are met locally wherever possible (from recommendations 10.1.1, 10.1.2 and 10.1.3). This is being taken forward by establishment of a process for proactive discussion of Fragile Cases to avoid care and/or educational placement breakdown.
 - 4.7.4 **Inclusive practice to be encouraged and celebrated** (e.g. through development of an Inclusion Quality Mark and endorsement of the Ordinarily Available Provision document). Ways of incentivising inclusion to be explored (from recommendations 10.7.2, 10.7.4, 10.7.7

and 10.7.3). This work is being taken forward by the Inclusion Group which reports to both the SEND Board and the Portsmouth Education Partnership Board.

- 4.7.5 **The current Outreach provision to be reviewed**, with new outreach arrangements in place for September 2019. This could be linked to the development of a peripatetic team and possibly target SEMH and ASC with a focus on supporting secondary schools in particular (from recommendations 10.1.7 and 10.7.8). Currently a total of £186,900 is spent on outreach provision; £154,800 through the Portsmouth Special Educational Needs Support Partnership (PSENSP) and £32,000 through the Harbour School Service Level Agreement to provide outreach to early years pupils (please also see the proposal in Paragraph 5.4.5).
- 4.7.6 **Additional provision will be required for children with complex needs**, which may include additional capacity at special schools, inclusion centres and/or mainstream schools. Consideration to be given to remodelling SEN nursery provision and to the creation of a primary and secondary inclusion centre for pupils with learning difficulties to reduce pressure on special school places (from recommendations 10.2.4, 10.2.7 and 10.5.7). If approved, this would have implications for capital and revenue funding.
- 4.7.1 **Consideration to be given to how local residential and respite provision** for pupils with severe and complex needs/autism and challenging behaviour can be developed or enhanced to enable pupils to continue to be educated within the city, or return to the city for their post-16 education, wherever possible.

5 Proposals for managing the spend in the High Needs Block in 2019/20

- 5.1 In addition to the recommendations in section 4 that have arisen from the SEND Strategic Review and as a result of the projected overspend on the High Needs Block by the end of 2018/19, a task and finish group was established during the summer term to develop some proposals for managing the spend within the High Needs Block from April 2019.
- 5.2 The purpose of the task and finish group as set out in the terms of reference was to develop proposals for sustainable and affordable high needs funding arrangements which can be put in place from the start of the 2019-20 financial year to ensure that children's special educational needs can be met from within available resources. This will build on the recommendations arising out of the SEND Strategic Review.
- 5.3 The membership of the group included representatives from primary, secondary and special schools, including mainstream schools with an Inclusion Centre, as well as parent/carers representatives and officers from PCC Inclusion Service and Finance. Meetings took place between May and July 2018.

- 5.4. The group considered a range of proposals for reducing the spend within the High Needs Block and as a result of this work have recommended the following:

- 5.4.1 **Introduce banded funding for EHCPs in mainstream schools and Inclusion Centres** - currently the provision specified in EHCPs is costed using standardised rates and the funding provided to schools matches this. Whilst this meets the specificity requirement in the SEN Code of Practice, it can reduce the flexibility of schools to deliver the required support in the most effective way, suited to their context and in line with their professional expertise. A banded funding model would work in the same way as for special schools in that a funding band would be assigned to the EHCP as part of the needs assessment and based on the evidence presented, matched to the banding criteria. Any change in band would only be agreed on the basis of evidence presented as part of the annual review process.

Table 1 below sets out the costs as at June 2018 along with the potential savings relating to the proposed implementation of banding rates for pupils with an EHCP attending a mainstream school.

The rates for each band assume that the first £6,000 of the cost of additional support is met by the school and any funding over and above this would fall into one of the four bands according to the pupil's needs. Again the financial modelling is based on information available at a point in time and any resultant savings will reflect the pupils attending the school and their level of need during the relevant funding period.

Table 1 - Impact of proposed banding on mainstream EHCP costs							
Band	Criteria	No of pupils impacted	Current annual cost	Average cost per pupil	Proposed funding per pupil per annum	Expected cost	Potential saving
		FTE	£	£	£	£	£
1	funding <£2000 per annum	78.63	68,638	873	750	58,969	(9,669)
2	Funding between £2,000 and £4,000	104.02	309,526	2,976	2,000	208,042	(101,484)
3	Funding between £4,000 and £6,000	116.70	536,655	4,599	3,500	408,438	(128,217)
4	Over £6,000	64.39	460,194	7,147	7,600	450,732	29,173
Total		363.73	1,375,013	3,780		1,126,181	(210,198)

The impact on individual schools has been analysed and the table below summaries the impact for primary and secondary schools.



	Financial change in ECHP funding		
	Primary no.of schools	Secondary no.of schools	Total no.of schools
>£10,000	0	0	0
£5,001 and £10,000	0	0	0
£0 and £5000	3	1	4
No change	1	0	1
£0 and -£5,000	31	6	37
-£5,000 & -£10,000	12	4	16
<-£10,000	0	0	0
Total	47	11	58
Greatest reduction in funding	(£7,988.88)	(£9,675.28)	
Greatest gain	£1,310.97	£110.00	

Whilst the majority of schools will see a reduction in element 3 funding, 64% (37) will see a reduction of £5,000 or less. No school will see a reduction of greater than £10,000, based on the June 2018 data set.

Schools have been informed of the potential impact on their budgets via the Head Teacher briefing on 19th September and individual meetings with those schools most significantly impacted.

Inclusion Centres

Element 3 top-up funding rates are currently based on historic costs as per the funding received by those schools with Inclusion centres prior to April 2013. This meant that each school had different top-up rates ranging from £0 to £8,476. Whilst this maintained stability of funding for individual schools, it has meant that there is no equity between schools who may be supporting pupils with similar levels of need, but could be receiving differing levels of element 3 top-up.

The proposals look to achieve parity across Inclusion Centres by allocating funding related to the child's level of need, whilst reducing the pressures on the High Needs Block.

Table 2 below sets out the impact of the proposed changes to Inclusion Centre Element 3 Top-up to a banded approach based on the level of need.

Table 2 - Impact of proposed banding on Inclusion Centre costs						
Band	Criteria	No of pupils impacted	Current cost	Proposed funding per pupil per annum	Expected cost	Potential saving
		FTE	£	£	£	£
1	Funding<£2000 per annum	16	0	750	12,000	12,000
2	Funding between	48	99,208	2,000	96,000	(3,208)



	£2000 and £4000					
3	Funding between £4000 and £6000	18	101,712	3,500	63,000	(38,712)
4	Over £6000	2	16,953	7,600	15,200	(1,753)
Total		84	217,872		185,000	(31,673)

The implications of the above proposals have been reviewed on a school by school basis and the impact has been shared and discussed with those schools who have inclusion centres.

- 5.4.2 **Implement a 1% reduction in special school banded funding rates** - the maximum that current banded funding rates can be reduced is by 1.5% according to the Minimum Funding Guarantee. Implementing this proposal would result in a saving of approximately £54,700, however this will be dependent on the numbers and level of need of the pupil attracting Element 3 top-up funding. Table 3 below sets out the implications for each school.

Table 3			
School	Estimated Element 3 top-up funding 2018-19	Estimated 1% reduction in band rate	Estimated Element 3 Top-up funding 2019-20
	£	£	£
Willows	562,796	(5,628)	557,168
Mary Rose	1,660,361	(16,604)	1,643,757
Cliffdale	910,447	(9,104)	901,343
Redwood	863,082	(8,631)	854,452
Harbour	1,473,149	(14,731)	1,458,418
Total	5,469,835	(54,698)	5,415,138

Financial modelling was undertaken based on the 2018-19 Special School funding schedule (circulated to special schools in March 2018) and includes the changes approved by Cabinet Member and Schools Forum in July 2018 to the Highly Exceptional Band at Mary Rose and the element 3 top-up for the additional places agreed¹ at Mary Rose and Cliffdale.

The 2019-20 special school element 3 top-up budget will be set in January 2019 and will be based on the October 2018 class lists. As element 3 top-up funding follows the child, the actual amount of element 3 funding paid to specials schools will vary according to the

¹ Agreed by Cabinet Member for Education and endorsed by Schools Forum at the January 2018 meetings.

children attending the school during the relevant funding period and their level of need therefore the actual savings achieved in 2019-20 could vary.

- 5.4.3 **Introduce Transition Plans** without additional funding attached as a way of improving transition arrangements and reducing the significant increase in requests for EHC needs assessment that are made in Years 2 and 6, linked to concerns about the child's needs being met in the receiving school. This more robust transition planning process would ensure that information is shared and support put in place, without the need for an EHCP. This would increase parental confidence in the transition process and would also provide the evidence base for an EHC needs assessment request, as part of a Plan Do Review cycle, should it be needed in the new setting.

If this proposal has the desired effect of reducing requests for EHC Needs assessments by one third, it could reduce the spend from the High Needs Block by between £43,600 and £58,100, based on an average payment of between £3,000 and £4,000

- 5.4.4 **Reduce the number of primary Inclusion Centre Places** - longer term there will be a need to increase specialist school places for children with complex needs, however this is currently unaffordable. In addition, there is an uneven distribution of Inclusion Centre places across the age range, resulting in some children who are placed in an Inclusion Centre in the Infant phase needing to transition to a mainstream placement for the Junior phase of their education. It is proposed that the number of Inclusion Centre places in the Infant phase is reduced which will achieve a saving in the short term. In the longer term, it is envisaged that more Inclusion Centre places for children in the junior and secondary phases will be needed so that some children, whose needs cannot be met within what is ordinarily available in mainstream schools, can receive support within an Inclusion Centre throughout their education, as an alternative to placement in a special school..

The potential savings from a reduction in Inclusion centre places will impact on both the costs per place (£6,000) and any associated Element 3 top-up funding. As it has not been agreed which Inclusion Centres will see the reduction in places, the financial modelling of the element 3 top-up has been based on the new average cost as per the proposed introduction of the banded methodology of top-up payments. This also removes the potential double counting of savings. Table 4 below sets out the potential savings.

Table 4				
	No. of Places	Place funding^[1]	Element 3 top-up funding	Total funding
		£	£	£

^[1] Including academies.



Current position 2018-19	84	552,800	217,872	770,672
Proposal (5.4.1) 2019-20	84	552,800	185,000	737,800
Reduction of places 2019-20	78	516,800	171,785 ^[2]	688,585
Potential savings	(6)	(36,000)	(13,150)	(49,215)

It should be noted that the above element 3 top-up savings are based on an average cost, depending on the needs of the pupils currently occupying these places the actual saving could be between £4,500 (6 pupils x £750) or £45,600 (6 pupils x £7,600). These savings may also not materialise as the pupils currently occupying the places may move to another inclusion centre, special school or stay within the mainstream school and receive top-up funding via the mainstream EHCP element 3 top-up. Due to the uncertainty around the impact on the proposed change on the Element 3 top-up, only the saving achievable via the place funding has been included in the summary table 5.

5.4.5 **Reduce the spending on outreach** when it is recommissioned for September 2019 by approximately 10%, as outlined in Paragraph 4.7.5. This would reduce the spend from a total of £186,900 to £168,200.

5.4.6 **Reduce recharges to Education cash limit budgets.** To ensure an equitable approach to the savings across all recipients of high needs funding it is proposed to reduce the DSG recharge to the Education budget by 1.5% or £10,000. This will require savings within the Education department.

5.4.7 The spend within the High Needs Block remains highly volatile as it is linked to pupil need and demand. High needs spend will therefore continue to be carefully monitored and consideration will be given to any potential further areas where spending can be reduced. Areas to be considered will include post-16 element 3 top up funding, where we could look to introduce a banded funding model from September 2019 and developing post-16 SEND provision to meet the needs of those currently out of city and enable them to return home for their post-16 education.

5.5 In total it is predicted that this would reduce the spend in the High Needs Block by £404,900 during the 2019/20 financial year. This assumes that all the proposed changes are implemented from 1 April 2019. Should the changes be implemented at a later date then the savings will be delayed.

Table 4	
Proposal	Potential saving 2019-20
	£

^[2] Based on an average cost of £2,202.38 per pupil.



Introduce Banded funding for EHCP in Mainstream schools	210,200
Introduce banded funding for Inclusion Centres	31,700
Reduce Special School top-up by minus 1%	54,700
Introduce Transition plans	43,600
Reduce the number of Inclusion Centre places by 6	36,000
Reduction in central recharges	10,000
Outreach saving	18,700
Total potential saving	404,900

The above proposals will cover the budgeted shortfall as seen during the 2018-19 financial year, however as per the quarter 1 budget monitoring there are on-going pressures within the High Needs Block of approximately £547,000². Indicative funding for 2019-20 is suggesting that the authority will see an increase in high needs funding of £0.97m, however this is not guaranteed at this stage. The national funding formula for calculating local authority funding is now subject to in year adjustments which could decrease the authority's funding. The proposed savings and the additional income will put the authority in a stronger position to manage the on-going pressures over 2019-20 and future years.

6 Equality impact assessment

6.1 A preliminary Equalities Impact Assessment has been completed.

7 Legal implications

7.1 The report outlines the appropriate drivers for decision making. The report is compliant with the obligations re duties to children and young persons within the Children and Families Act 2014 (basically that the Act engages the LA to identify children with SEN needs and ensure that their needs are met by the responsible LA through an appropriate EHCP that is delivered).

It is assumed that the Schools Forum has been engaged and given an opportunity to comment if that has not occurred it would be advisable to engage to avoid (albeit remote) challenge.

8 Finance comments

8.1 The finance comments are included within the body of the report

Signed by: Alison Jeffery - Director of Children, Families and Education

² Total high needs £1,415,000 less £868,000 for The Harbour School.

Appendices:**Appendix I: SEND Strategic Review Implementation Plan****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
Pressures on the High Needs Block	Schools Forum agenda 21 st November 2017

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