

Central Bedfordshire Council

Schools Forum

1 October 2018

High Needs Block of the Dedicated School Grant

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Purpose of this report

1. The purpose of this report is to outline the spend in regard to the High Needs Block (HNB) to date and to highlight potential spend pressures for 2018/19
2. Agree the actions to mitigate the potential over spend
3. Update on the 0.5% investment into the HNB for this financial year.

RECOMMENDATIONS

The Executive or Committee is asked to:

1. **To note potential pressures against budget and agree actions to mitigate forecast overspends for 2018-2019.**
2. **To approve the use of historic reserves and potential underspends in 2018/19 (as identified in the Recommendations for Meeting the Forecast Overspend section) to meet the potential High Needs Block overspend.**

Background

4. There have been a number of factors that have contributed to pressures on the High Needs Block (HNB) this year and as a result a number of projects have been initiated to manage increased demand alongside schools and other partners such as the Clinical Commissioning Group (CCG).
5. This paper seeks to build upon the previous papers presented to the Schools Forum and in particular to provide an update on the projects developed to mitigate the projected overspend within the HNB.

National context

6. Nationally there are a number of Local Authorities being taken to judicial review regarding cuts or changes to funding for Special Educational Needs more generally. A prominent case which made national news occurred in Bristol and was reported over the summer 2018. A group of Bristol parents initiated a judicial review of Bristol City Council's decision to reduce spend within the HNB. The High Court agreed with the parents, concluding that Bristol's decision-making process around these proposed cuts was legally flawed. Nationally other Local Authorities are having difficulties with HNB overspend and are looking at ways to make savings.

7. Central Bedfordshire Council (CBC) does not plan to make cuts to services for pupils with Special Educational Needs and Disability but is required to look at mitigations that will reduce the overspend.
8. When considering how CBC is going to mitigate against the overspend to the HNB, Schools Forum alongside the Local Authority need to ensure that services are still available for children and young people to meet the needs identified in their Education, Health Care Plan (EHCP). With this in mind, the mitigations outlined in this report focus on achieving value for money and aligning services whilst adding greater early support to help reduce demand.

Local Context

9. As outlined in the previous School's Forum paper submitted for consideration on 12th March 2018, the challenges are:
 - an increase in EHCPs by 20% over a three-year period,
 - an increase in Autism Spectrum Disorder (ASD) diagnosis
 - an increase in social, emotional and mental health (SEMH) difficulties, particularly for older young people in years 10 and 11.

Culture Change

10. Work is underway with partners in health and social care and parent forums to provide training to education settings and parents around SEND services and processes. The aim of this is to be more transparent but also to ensure our partners and service users understand our criteria. Senior SEN Officers are attending SENCO liaison groups to provide advice and support on how to meet pupil needs at SEN Support level. Training is also being provided to SENCOs on the Graduated Approach, EHC Needs Assessments and Annual Review Process.
11. Additionally, there is a programme of work entitled 'The 0.5% HNBF' which is focusing on culture change to embed increased early intervention and to provide resources to schools to help meet pupil SEN support thus reducing demand in the future. This, together with a move towards ensuring that provision of financial support is needs led rather than diagnosis led will reduce demand in the future by focusing on early intervention and more universal provision.

Indicative High Needs Block Budget for 2018/19 as of August 2018

12. When considering the previous paper which outlined the HNB allocations and project areas, within both the national and local context, it should be noted that the mitigating actions will not have an impact on the budget for this financial year. The total HNB allocation for 2018/19 is £27,617,626 and the total HNB forecast spend (without mitigation) is £29,083,032. This leaves a predicted potential shortfall of £1,465,406.

| Description | 15/16 Outturn | 16/17 Outturn | 17/18 Outturn | 2018/19 | | | |
|--|--|--|--|-------------------|-------------------|-------------------|-------------------|
| | | | | Budget | June Forecast | July Forecast | Aug Forecast |
| Therapies | 40,789 | 44,441 | 34,287 | 40,000 | 40,000 | 40,000 | 70,132 |
| EHC Plans (funded post April) | 468,500 | 600,923 | 331,689 | 500,000 | 500,000 | 500,000 | 400,000 |
| Special School Outreach & High Cost Pupils | 661,791 | 565,049 | 420,498 | 388,166 | 388,166 | 388,166 | 388,166 |
| Out of County Placements (Pre-16) | 749,895 | 1,041,072 | 819,066 | 887,750 | 887,750 | 1,023,277 | 629,405 |
| SEN & Additional Pupil Support | 239,694 | 257,610 | 267,129 | 200,000 | 200,000 | 200,000 | 200,000 |
| High Needs Post 16 | 1,923,574 | 2,065,560 | 2,218,056 | 1,484,921 | 2,677,000 | 2,712,804 | 2,750,626 |
| Access & Inclusion | 81,525 | 92,459 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Virtual School | 217,000 | 283,210 | 273,715 | 283,210 | 283,210 | 283,210 | 283,210 |
| Other Local Authority SEND Top Up Payments | 887,911 | 908,349 | 1,269,298 | 1,055,376 | 1,055,376 | 1,117,688 | 1,239,738 |
| DSG Contribution to Central Overheads | 719,280 | 718,997 | 719,280 | 719,280 | 719,280 | 719,280 | 719,280 |
| Commissioned Contracts : | | | | | | | |
| Hearing Impaired (peripatetic) | 185,791 | 195,000 | 195,000 | 195,000 | 195,000 | 195,000 | 195,000 |
| Visual Impairment | 252,576 | 252,576 | 252,576 | 252,576 | 252,576 | 252,576 | 252,576 |
| Medical Needs | 646,465 | 643,890 | 643,890 | 643,890 | 643,890 | 643,890 | 643,890 |
| Jigsaw Centre | 477,331 | 477,331 | 423,580 | 450,000 | 450,000 | 450,000 | 450,000 |
| Academy of Central Bedfordshire | 820,772 | 831,337 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| ASD Provision - Ardley Hill | | 156,107 | | | | | |
| HN Contingency - Additional special school places/top up | | | 441,528 | 400,000 | 400,000 | 400,000 | 400,000 |
| HN Contingency | 514,500 | 209,207 | 146,674 | 0 | 0 | 0 | 0 |
| Early Years Children with Disability | 270,548 | 270,548 | 270,548 | 270,548 | 270,548 | 270,548 | 231,000 |
| Maintained Special Schools (Chiltern and Ivel Valley) | 5,676,431 | 6,047,852 | 6,327,918 | 6,676,727 | 6,849,839 | 6,849,839 | 6,849,839 |
| EHCP & Provisions (Maintained Schools) | 2,574,868 | 2,510,160 | 2,635,813 | 2,331,434 | 2,331,434 | 2,331,434 | 2,331,434 |
| EHCP Pupils & Provisions (Academy) | 2,088,508 | 2,186,178 | 2,417,188 | 3,140,110 | 3,140,110 | 3,140,110 | 3,140,110 |
| Special School Academy (Oakbank and Weatherfield) | 1,246,938 | 1,465,040 | 1,505,875 | 1,230,626 | 1,230,626 | 1,230,626 | 1,230,626 |
| Recoupment | 3,392,309 | 3,718,020 | 4,941,821 | 5,168,012 | 5,168,012 | 5,168,012 | 5,213,000 |
| Import / Export Adjustment | 0 | 0 | 0 | 0 | 0 | 63,000 | 165,000 |
| CRC to Schools Block | 34,461 | | | | | | |
| Early Years SEN Advisory Teachers | 170,082 | 200,000 | Tfr Early Y | Tfr Early Y | Tfr Early Y | Tfr Early Y | Tfr Early Y |
| Early Years SEN Funding | 244,357 | 325,385 | Tfr Early Y | Tfr Early Y | Tfr Early Y | Tfr Early Y | Tfr Early Y |
| Early Years CWD retained Panel and support function | 25,228 | 25,436 | Tfr Early Y | Tfr Early Y | Tfr Early Y | Tfr Early Y | Tfr Early Y |
| TOTAL | 24,611,123 | 26,091,737 | 27,855,429 | 27,617,626 | 28,982,817 | 29,279,460 | 29,083,032 |
| April Funding Allocation (as report to School Forum) | 25,395,000 | 25,794,648 | 27,415,427 | 27,617,626 | 27,617,626 | 27,617,626 | 27,617,626 |
| InYear surplus / (deficit) | 783,877 | - 297,089 | - 440,002 | | - 1,365,191 | - 1,661,834 | - 1,465,406 |
| | Surplus balance Transferred to Capital | Deficit Funded by Early Years Block underspend | Deficit Funded by Growth Fund underspend | | | | |

13. The following is a list of additional in-year pressures that have impacted on the projected overspend. A programme of work is in place to mitigate these pressures as outlined in the table below. Where possible we have indicated whether there is a financial impact, where this is unknown or still being calculated, Schools Forum will receive an update in November.

| Pressures | Mitigations | Finance |
|---|---|--|
| <p>Out of authority (council) placements continue to be made.</p> <p>In September 2017 there were 25 children in out of authority placements in both independent and residential settings. This number has remained static and as of September 2018, the Local Authority (LA) continues to have 25 placements with costs ranging from £37,660 to £242,634 per year. Of these 25 places, only 10 receive a funding contribution from Social Care and/or Health.</p> | <p>Outside Local Authority (OLEA) Recoupment charges</p> <p>It has emerged that some OLEA's are charging CBC the placement cost of £10,000 alongside the top up funds. OLEA's will be advised that there is not a requirement for us to pay the placement charge and therefore we would expect to see a reduction in the charges. This will have an impact on 2018-2019 projections.</p> | <p>Placement arrangements above those agreed with OLEA schools are negotiable and the SEND Service will negotiate on a case by case basis. There will therefore be an impact on the HNB and the expected amount is currently being projected with finance colleagues. The figure will be reported in November.</p> |
| <p>Other Local Authority Send Top Up Payments</p> <p>In September 2017 CBC were paying EHC Plans and/or statementing funding for 94 CBC children attending schools in other local</p> | <p>Reviewing independent placements</p> <p>During the 2017-2018 academic year the SEND team have worked to bring a number of pupils back into local provision from expensive out of county placements to reduce cost and increase the oversight of the team. Detailed review resulted in 7 coming back to Central Bedfordshire. 6 pupils</p> | <p>This work will impact on the spend to the HNB Post 16 and out of county (pre-16) for the remainder of this year and this has already been adjusted in</p> |

| | | |
|---|---|--|
| <p>authorities at a total cost of £1,119,422. By September 2018 this had risen to 112 children with EHC Plans in other local authority schools with a full year forecast spend of £1,239,738.</p> | <p>returned to education and 1 in to employment. This work has reduced the spend to cases from £521,170 to £119,889 (This is the projected full year cost).</p> | <p>the budget for this year and will be built into next.</p> <p>The SEND Service will continue to record the pupils that have been brought back into the Authority or negotiate the cost of placement to show the financial impact that these activities have achieved.</p> <p>If the SEND Services did not do this work this school year the 7 placements would be costing a total of £521,170 for the school year. The saving for the full year cost is £401,281. Therefore, these allocated funds have been removed from the spend for 19/20.</p> |
| <p>Therapy provision</p> <p>Within the current financial year, we have had a tribunal which ruled in favour of the parents which has created an additional pressure on the budget. The young person's package is costed at £42,000. This gives an overspend of £70,000</p> | <p>Independent Placements</p> <p>There has been an increase in SEND Tribunals in which parents are requesting independent out of county placements. A more robust procedure is being put in place to ensure that there is a strong case to defend the use of local facilities, thereby reducing the out of county costs.</p> | <p>This saving is not available at this time and will be reflected in the next update which will be presented to the Schools Forum in November 2018.</p> |

Post 16 College Placements

In September 2017, there were 114 high needs funded learners in college/further education placements with a forecast full financial year spend of £1,296,072.53. This has increased to 154 learners at a full financial year cost of £1,283,316 (which includes learners in summer term 2018 who have since left). This year we have ensured that we have removed the first £6,000 (funded by the college before EHC Plan) from the predicted spend will be closer to the actual.

High Needs Post 16

A very recent agreement with Bedfordshire colleges has been made both setting would charge the hours charged to the LA to 2 hours. They have agreed to change their invoices from September 2018 to reflect this from the previous 2-4 hours.

There is a total of 154 Pupils in Post 16 colleges for whom the Council are financially responsible. Proposals are being developed to identify a new way of funding the colleges to ensure that there is a transparent and clear process with regards to top up funding which will result in savings for September 2019.

This saving is not available at this time and will be reflected in the next update which will be presented to the school’s forum in November 2018

Joint Funding

Colleagues across the Local Authority continue to work with Social Care and Health to ensure placements are jointly funded where appropriate. Work has commenced with the CCG to review the funding panel terms of reference to ensure that there are clear

Joint funding

The Joint Allocation Panel (JAP) which considers requests for tri-partite funding is being reviewed to ensure that it includes requests for all funding including placements/provision and equipment.

The aim is to ensure that there is equal commitment from Health, Social Care and Education partners where appropriate and anticipated to have a saving to the HNB.

The funding allocated from our revised JAP will be reported to School Forum. At this time, we cannot forecast an amount, but we expect expenditure from the HNB to reduce

| | | |
|--|--|---|
| <p>parameters around timelines for withdrawal of funding.</p> <p>There have been instances of this happening which has left the entire cost being met from the HNB. For example, Pupil A placement cost to the HNB was £94,565, but the team successfully negotiated tripartite funding, and this has now reduced to £36,565</p> | | |
| <p>Maintained Special Schools and Special Schools Academy</p> <p>There is a need to be more robust with the way in which we fund special schools.</p> | <p>Special School Banding</p> <p>Currently there is a review of Special School Banding and the proposed arrangements will be presented to Schools Forum separately on the 1st October. If agreed the new funding arrangements will be put in place from April 2019. This will impact on the special school outreach and high cost pupils budget of additional fees as this will no longer be an option in the new way of working.</p> <p>Special School outreach and high cost pupils budget</p> <p>In the summer term 2018 it Special Schools were advised that the additional tops ups (Band 2B, 4B etc.) will not be paid automatically. This is additional funding that is for one term only and should be reviewed and requested if the schools want it to continue to meet needs of pupil. These requests will be considered at the special school panel where check and challenge will occur from both the Local Authority and school representatives.</p> | <p>Please refer to Special School panel paper presented today.</p> <p>At this time, we cannot provide the effect this will have on the budget, but it will have an impact on the Maintained Special Schools and Special Schools Academy budgets for the remainder of this year.</p> <p>From April 2019 if the Special School Single Value Top Up is agreed then the Special School outreach and high cost pupils budget will be reduced as exceptional banding will not be in place as freely as now. MFG will apply.</p> |

14. Alongside the mitigation measures identified to manage the demand on the system, the SEND team, alongside colleagues from across the council, continue to work on projects and initiatives to continue to manage demand and to innovate. Early thinking on additional projects includes;

Robust Financial Management

15. This year, the SEND team have improved the invoicing process and are ensuring payment is made in the appropriate time frame. This also ensures more accurate forecasting to ensure finance are aware of individual pupil spend as actuals to build into the budget.

16. Robust processes are in place to ensure financial monitoring and management are accurate and efficient however, it should be noted that many of these budget lines remain complex with changes in small numbers of children's EHC packages potentially resulting in significant changes in spend

Equipment

17. SEND and Commissioners have launched a joint programme of work with health colleagues to review areas including equipment for pupils with SEND. This financial year we have agreed joint funding for equipment which will reduce pressure on the HNB.

Single Pupil Record

18. The SEND Service is in the process of transferring all pupil's with EHC Plans to Mosaic, the social care system by end of September 2018. The creation of this single record will allow the SEND team to have increased awareness of services accessed by children/young people and will further aid identification of packages that should be jointly funded with health and social care.

Additional Special School Places

19. The SEND team has worked with schools to reduce the payment for places over and above those agreed to £5,000 per place for the relevant part of the year rather than a flat rate of £10,000. This will impact the HNB from September 2018 and is showing an indicative saving of £40,000 for this financial year. Please see appendix A that details the arrangements that have been agreed with special school headteachers.

Alternative Education Review

20. A programme of work has been identified to review alternative education provision within Central Bedfordshire and to ensure that there are clear pathways for children and young people aligned to a more strategic vision which will be co-developed with partners including schools.

21. It is anticipated that these actions will achieve efficiency savings through increased co-ordination to contribute towards the overspend in the HNB of the Dedicated Schools Grant as several services currently funded through the HNB are in scope for this review.

Joint Commissioning with the CCG

22. As part of a clear plan to work in collaboration with the CCG and to jointly commission services a programme of work is underway to review arrangements for therapy services, provision for children and young people with ASD, CAMH services and equipment in the context of the wider changes and opportunities within the CCG including the Transforming Care Partnership. As part of this, a review is underway to develop aligned commissioning arrangements for equipment to achieve economies of scale and to make joint decision-making processes easier to navigate across agencies. There will be a clear protocol for how equipment is provided. It is anticipated that we will start to see a saving against the spend on equipment. Currently a large amount of health equipment is being funded from the HNB rather than by Health.
23. Additionally, a placements review is underway to complete a needs assessment and to complete an out-of-home accommodation placements strategy for children and young people in Central Bedfordshire.

ASD Partnership Work

24. There has been a significant growth in the number of children subject to Education, Health and Care Plans locally over the last 2 years – a 20% increase. A review of the data has shown that the biggest age cohort for EHCP's is aged 5 or under. Analysis of the needs of SEND children with EHCP's has shown the highest need category is that of Autistic Spectrum Disorder (ASD). Further analysis shows that 37% of children with ASD are aged 8 and under.
25. The outcome of this is;
 - Case reviews were undertaken with a multi-agency group and feedback to attendees was completed on 19th September 2018. The case reviews will be mapped against a pathway review to identify gaps and service improvements – this will be achieved through a workshop with practitioners, pre-diagnosis and then combined with post diagnosis (the ELFT pathway).
 - Commissioning or service improvement proposals will be co-designed with service users and overseen by a joint working group which will report into the SEND Improvement Board.

Schools for the Future

26. The SEND Service has joined the Schools for the Future corporate project to ensure that specialist provision is considered and developed in line with demographic growth. Consideration will be given to both supporting pupils in mainstream schools with additional resources provision and the need of a new special school. A data forecast is being worked on from September to December 2018. Meetings with Special School head teachers will also take place.

Development of a Dynamic Risk Register with the CCG

27. The CCG is working with colleagues in SEND and in the Children with Disabilities Team to develop a dynamic risk register to identify children and young people with complex needs at risk of tier four admission. This process will be jointly owned by the

Local Authorities and CCG and will manage escalating needs and have a financial impact due to the principles of early intervention.

Transparent Decision Making

28. An additional panel has been established for 'Special School/ Additional Resource' requests and support required to meet the need of children and young people. This will ensure greater transparency and challenge of placement. This panel will comprise of special school and mainstream school headteachers.

HNB Project

29. There are 7 Early Intervention Projects that have been developed using the transfer of 0.5% from the Schools to the HNB. Appendix B details the projects and the aims of each one. The overall targets for the projects are:

- Children whose needs escalate resulting in them going on to require a statutory education, health and care plan; it is hoped to stop this escalation by intervening early
- Support mainstream schools better to reduce the number of children who transfer from mainstream to special school
- Reduce the additional costs of specialist provision and wrap around support
- Reduce fixed term and permanent exclusions and associated costs; and
- Reduce out of area independent placements

30. A number of 'guiding principles' around the HNB investment have been agreed. The investment should:

- Help to **build resilience** in and across schools
- Provide **training for SENDCOs, teachers and support staff**
- Support the **development of early intervention** in and outside schools to support children with high levels of need in maintained settings; and
- Enable **good practice elsewhere to be examined**, and appropriate research to be undertaken, with a view to rolling this out in Central Bedfordshire

Research Project

31. Finally, Central Bedfordshire Council is one of nine local authorities taking part in a Local Government Association project focusing on understanding rising demand for local authority SEND support and the implications for the High needs budget. The research will better understand the factors driving increased demand for local authority support for children and young people with SEND in England, and what this means for the funding and commissioning of these services. It also wishes to identify the current national high needs funding gap (the gap between funding and need) facing all upper-tier councils in England and project how reforms to High Needs and the introduction of the National Funding Formula for schools will further impact on council budgets. As part of this the research will aim to produce a robust figure to show how much funding

councils have transferred to the high needs block since 2014 from the schools' block, the early years block or other funding sources.

Recommendations for Meeting the Forecast Overspend

32. To meet the in-year (18/19) HN Block Deficit currently forecast as £1.6M as at September 2018 the proposal is to cover this by the following:

School Block

£140k School Contingency Balance as at August 2018

Impact – Not available for distribution through Schools ISB 19/20

£421k Growth Fund carry forward from 17/18

£349k In-year unspent 18/19 Growth Fund

Impact - Possible risk with new methodology for 19/20 being introduced, currently indicative allocation based on 17/18 that will be updated to take account of October pupil census. Updated allocation of Growth Fund may not be sufficient to cover planned expenditure

£97k Central Services (funded by DSG) carry forward from 17/18

Impact – N/A

Total School Block £1M

Early Years Block

£341k Early Years Contingency carry forward from 17/18

£391k Early Intervention and Prevention Childcare and Quality carry forward from 18/19

Impact – Possible risk that in-year funding for 18/19 may not be sufficient to cover planned spend. The October census which will inform the additional funding to be paid for universal and additional 15hrs is not yet known. Consultation on the EY equalisation of the base rate for 19/20 may cause a pressure for future years

Total Early Years Block £732k

HN Block

£200k Balance remaining of 0.5% transfer from School Block to HN Block for intervention work

Total £1.932M

33. Without this agreement to use the reserves to offset the spend, Central Bedfordshire will need to find the money from other school services.

Council Priorities

- Improving education and skills
- A more efficient and responsive Council.

Corporate Implications

Legal Implications

34. The proposed measures to mitigate the pressure on the HNF are to be welcomed, as this important block of funding needs to be utilized as efficiently as possible, as it provides the support package for an individual with special educational needs (SEN), as it applies to children and young people from age 0 to 25. Efficient use of HNF could lead to fewer legal challenges in the SEN Tribunal.

Financial and Risk Implications

35. Finance are aware of the funding pressures facing the High Needs Block and the mitigating actions proposed. This needs careful monitoring throughout the year and the necessary agreements sought to ensure that any residual overspend does not fall on Council General Fund (and therefore the Council Tax payers of Central Bedfordshire).

Equalities Implications

36. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Where proposals include an alteration to the level of support or type of placement, senior SEN officers will be part of the assessment process and will discuss provision with parents and young people and ensure that there is health and care provisions in Central Bedfordshire to meet needs. Senior SEN Officers are also attending SENCO liaison groups to provide advice and support on how to meet pupil needs at SEN Support. The development of a Market Position Statement will help to stimulate the range of provision in the local area.

Conclusion and next Steps

37. The Schools Forum is requested to note the spend of historic reserves as listed above and the use of the anticipated underspend in other areas of the DSG 2018/19 to mitigate this projected overspend.

38. The Schools Forum is requested to note the mitigating measures already in place alongside those in development to manage demand and financial management of the High Needs Block.

Appendices

Appendix A: Over Number in Special Schools

Appendix B: 0.5% HNBF Projects