

High Needs Report

Schools' Forum Date	9 th January 2020
Type of Decision	For decision
Background Documents	High Needs Strategy Funding inclusion and early intervention proposal Working group notes ISOS Partnership research report
Authors	Philip Haslett, Head of Education Strategy and Development
Purpose of Report	To provide an update on the current financial forecast for the 2019/20 High Needs Budget. To share and take feedback on the draft budget for 2020/21. To provide an update on the progress of the working group focus on Funding Inclusion and early intervention.
Key Recommendations	<ul style="list-style-type: none"> • That the High Needs budget for 2020/21 is based on a continued rising level of need, resulting in 355 additional funded EHCPs • That a formal consultation on High Needs spending is planned and delivered to report at the September 2020 schools forum meeting. • That we commence a pilot of the proposed approach to funding inclusion and early intervention.
Resource Implications	The High Needs Block has been allocated an additional £6.534 million, bringing the total funding for 2020/21 to £66.429 million

1. High Needs – 2019/20 Financial Forecast

1.1. The forecast for the High Needs budget is showing increased expenditure of £122,200 since the last Schools Forum meeting. This will mean that the forecast in-year deficit will rise to **£7,035,700** and the cumulative High Needs deficit to **£9,919,300**.

<u>High Needs Block</u>	Budget	Actual	Variance	October	Change
	£000	£000	£000	Variance	between
				£000	months
					£000
Alternative provision - places & top ups & services	5,647.1	5,654.5	7.4	99.1	-91.7
Alternative provision - Glos Hospital Education	1,619.4	1,681.6	62.2	19.7	42.5
EHCP Costs - College and FE	3,961.3	4,982.2	1,020.9	1,126.2	-105.3
EHCP Costs - Early Years	166.3	191.0	24.7	0.0	24.7
EHCP Costs - Primary	6,521.7	6,983.0	461.3	300.0	161.3
EHCP Costs - Secondary	3,661.6	3,700.4	38.8	41.6	-2.8
Excluded pupils	0.0	-81.2	-81.2	-81.7	0.5
LA Services and staffing	3,375.8	3,649.3	273.5	191.6	81.9
Independent Special Schools	10,726.6	12,646.6	1,920.0	1,865.8	54.2
Restorative Practice	200.0	160.9	-39.1	-27.2	-11.9
Special Centres	487.7	492.1	4.4	4.4	0.0
Special school provision	16,601.8	18,747.0	2,145.2	2,145.2	0.0
Support Services	1,262.6	1,202.5	-60.1	-28.9	-31.2
Virtual School	610.4	610.4	0.0	0.0	0.0
High Needs Unallocated	-1,257.7	0.0	1,257.7	1,257.7	0.0
Rounding			0.0		0.0
	<u>53,584.6</u>	<u>60,620.3</u>	<u>7,035.7</u>	<u>6,913.5</u>	<u>122.2</u>

1.2. The main movements this reporting period are:

- A reduction in planned spending of £91,000 on alternative provision. The forecast spending has been reduced due to the lower levels of permanent exclusion seen so far this year.
- A reduction in planned spending on EHCP costs for Colleges and FE of £105,000, due to 5 planned places not being taken up.
- EHCP top-up costs have been reforecast to include £161,300 additional expenditure due to a higher than expected level of demand.
- Independent special schools costs have increased by £54,200 due to an additional high cost placement.
- LA services and staffing costs are higher than expected with an increased spending of £81,900. This is caused by an increase in staffing costs in the EHCP team to support and manage the rising numbers of plans.

2. High Needs Draft Budget – 2020/21

- 2.1. The 2019/20 budget was prepared on assumptions that the rising level of need and the increasing number of Education Health Care Plans (EHCPs) would abate. This has not materialised and the planned deficit of £1,257,700 is now just over £7m. In section 3 of this report we have provided more details of the national picture for high needs and comparison data for other local authorities. This shows that we still compare favourably against the national picture and comparator authorities.
- 2.2. Whilst it is difficult to precisely forecast the 2020/21 budget, due to the demand led nature of the expenditure, it is important that the budget provides a much more accurate forecast than in 2019/20. This will provide a more stable basis from which we are able to deliver and make longer term plans for recovery. Importantly it will also enable us to present a more accurate picture of the funding pressures to the Department for Education (DfE) and the Education Skills Funding Agency (ESFA). At the current level of overspend we will be asked by the DfE and ESFA to submit a recovery plan.
- 2.3. Therefore, in creating the draft budget for 2020/21 we have assumed that trends we have seen in 19/20 will continue. The key assumption in setting the 2020/21 budget is the predicted rise in the number of Education Health Care Plans and where the children and young people will be educated (mainstream or specialist provision).
- 2.4. Whilst we still expect the rise in the number of EHCPs to reduce over time, this last year has proved that we should be cautious in assuming that the trend will change in the short-term.
- 2.5. The 2020/21 draft budget has therefore been prepared on the assumption that the net increase in EHCPs will be 355, which is in line with the rise seen 2019/20 and continues to reflect national trends. It also assumes that the proportion of children and young people educated in the mainstream and specialist provision will remain in line with the 2019/20 trend (as below).

	Mainstream	Maintained Special Schools	Independent non-maintained Special Schools	FE/P16	Other (AP, GHES etc.)
% of total no. of CYP with EHCPS	45%	35%	6%	10%	4%

- 2.6. The draft budget also assumes the full-year costs for special and independent special school places. However we would expect a number of placements to start later in the year and attract less cost. As such and based on the current

trends and available information, we believe this draft budget represents a worst-case scenario for 2020/21.

	2019/20		2020/21			
High Needs Block	Forecast year end		Estimated Budget	Variance 19/20 - 20/21		
	£000		£000	£000		
Alternative provision - places & top ups & services	£	5,683	£	5,684	£	1
Alternative provision - Glos Hospital Education	£	1,651	£	1,685	£	34
EHCP Costs - College and FE	£	6,892	£	7,222	£	330
EHCP Costs - Early Years	£	181	£	186	£	5
EHCP Costs - Primary	£	6,983	£	7,977	£	994
EHCP Costs - Secondary	£	3,703	£	4,111	£	407
Excluded pupils	-£	81	-£	100	-£	19
LA Services and staffing	£	3,638	£	3,443	-£	194
Independent Special Schools	£	12,595	£	13,599	£	1,005
Restorative Practice	£	161	£	200	£	39
Special Centres	£	700	£	696	-£	4
Special school provision	£	22,910	£	25,177	£	2,266
Support Services	£	1,214	£	1,270	£	56
Virtual School	£	610	£	620	£	10
		£ 66,840		£ 71,770		£ 4,929
			Funding Allocation		£	66,429
			Predicted overspend		£	5,341

- 2.7. As shown above the predicted overspend is currently forecast at £5,341,000. This is after the cash injection of £6.534 million additional funding from DfE, which has not fully covered the rise in spend in 19/20.
- 2.8. Refinements will continue to be made to the forecasting model. In particular feedback from Gloucestershire Special School Heads on additional capacity for places will need to be factored into the model, as it currently assumes that we will be able to meet the rising level of need for special school places in the maintained sector.
- 2.9. Following the last Schools Forum meeting, Senior Officers met with the Gloucestershire Association of Special Schools Heads to explore opportunities to increase commissioned place numbers and meet some of the more complex needs that are currently served by independent provision.
- 2.10. The response has been positive and is currently being reviewed by the specialist commissioning team, so that formal decisions about commissioned places to meet demand can be agreed early in the New Year.

Forum members are asked to consider and comment on the key assumptions that underpin the draft budget:

- That we assume a continued net increase of circa 355 EHCPs next year.
- That the proportions of children and young people with EHCPs educated in the mainstream and specialist provision will be in line with 2019/20.

3. The National and Local Context for High Needs Funding

3.1. To date Gloucestershire is in a minority of authorities which haven't subsidised High Needs funding through a transfer of money from the schools block.

3.2. Despite this our financial position in comparison to other local authorities is favourable. Reviewing Schools Forum and Cabinet reports we have compiled a short list of local comparators.

	In year Forecast 2019/20	Forecast Balance 2019/20	High Needs Budget 2019/20	% variance against high needs budget	Provisional funding 2020/21	Additional funding 2020/21
	£000	£000	£000	%	£000	£000
Bristol	1,754	3,716	53,931	6.89	60,531	6,600
Cambridge	-8,829	-16,000	68,843	-23.24	74,594	5,751
Devon	-18,700	-18,359	69,062	-26.58	75,015	5,953
Gloucestershire	-6,669	-7,486	59,895	-12.50	66,026	6,131
Hampshire	-14,000	-27,747	115,630	-24.00	133,721	18,091
Oxfordshire	-14,000	-11,626	64,263	-18.09	72,638	8,375
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Gloucestershire	-4,752	-16,398	32,291	-50.78	35,076	2,785
Wiltshire	-3,000	-5,073	46,867	-10.82	51,307	4,440
Worcestershire	-9,000	-9,600	51,629	-18.59	59,692	8,063

(-) denotes deficit

NB: The forecast figures for 2019/20 are taken from Cabinet reports which are not consistent or clear as to whether it is an in-year forecast or one including balances. Balances could include Early Years and Central Block funding as well

NB: Bristol reported an LA contribution of £4.1m to support High Needs

3.3. Forum members are also asked to consider our local context against the national research undertaken by the ISOS partnership on behalf of the Local Government Association. The research report has been shared at previous Forum meetings, but is included again for context.

3.4. The research clearly shows a predicted gap in funding by 2021 of £1.6B. The allocation of £700m in the most recent funding announcements is 900m short of

the predicted shortfall. The gap in this funding accurately reflects the shortfall that we are predicting for 2020/21.

- 3.5. It is clear that the government are aware of the funding crisis that is facing High Needs and the impact that the changes to the code of practice in 2014 have had. We are therefore expecting a review of the SEND Code of Practice which would lead to the implementation a revised Code of Practice in January 2021.
- 3.6. Forum members will recall that during the summer The Department for Education launched a consultation on how to improve funding arrangements for learners with high needs, from which we await a response.

The department is seeking views on what “may be adversely influencing local authorities, mainstream schools, colleges and other education providers” in their support for young people with special education needs and disabilities (SEND).

- 3.7. It is clear that level of funding that has been provided by the Department for Education nationally does not sufficiently address the pressures that Local Authority High Needs budgets are under. This is clearly shown above.
- 3.8. The High Needs strategy and the focus on earlier intervention and support will go some way to addressing the rising level of need in the long-term, but will not have a transformational impact in the short term.

4. Next steps

- 4.1. Over the coming months we will continue to refine the draft budget for 2020/21 ensuring that it is as an accurate forecast for the year and that we do not see the significant variations that we have seen this year.
- 4.2. This will provide a true picture of the costs of High Needs that we are able to share with the DfE and ESFA as part of their policy and funding reviews.
- 4.3. However, we will also need to consider and prepare options should policy and funding for High Needs not changes. This could include the transfer of funds from the schools block, changes to discretionary payments (e.g. 1 in 40, diseconomies of scale funding), a review of SEND banding/funding and Local Authority service delivery.
- 4.4. These options will be considered as part of a full public consultation which would report to the schools forum in September 2020; with a view to implementation in 2021/22 (should central policy and funding positions not change during the year).

Forum members are asked to consider and feedback on the current financial position, the national and local picture and the proposed next steps.

5. Funding Inclusion and Early Intervention - The School Forum Working Group

- 5.1. In the first working group in October, there was agreement with the underlying principles and objectives in the proposal. Notes from the working group in October and the proposal can be found in last School Forum agenda pack.
- 5.2. At the working group meeting in November we discussed and approved a model (Appendix A) that will apportion funding between primary and secondary schools, based upon two key factors:
 - The first was the additional needs factors in the National Funding Formula (NFF) (Low Prior Attainment, Deprivation and English as an Additional Language). This identifies the incidence of where the pupils are and takes into account the NFF value weightings applied to each of the additional needs elements.
 - The second is the average number of permanent exclusions over the last 5 years. This had then been used to obtain a weighting between the sectors that had been applied to uplift the secondary additional needs budgets.
- 5.3. The meeting also brought forward a range of operational and logistical concerns about the proposal. Notes from the meeting can be found in the agenda pack.
- 5.4. To move the project forward and to address the logistical and operational concerns we are proposing to test the new model through a pilot. Following discussions with and agreement from the Cheltenham Association of Secondary Headteachers we are proposing to run the pilot in the Cheltenham area. The basis of the pilot is outlined below:

Objectives

The objective of the pilot will be to test and refine a number of the key elements of the proposed model. This would include:

- **Collaboration:** Test how effectively schools are able to implement a positive and open culture of collaboration within the cluster, to support and challenge at both Baseline and Tier 1 provision.
- **Strategic oversight:** Ensure that the Cluster Strategic Panel operates effectively to ensure oversight and strategic direction.
- **Baseline and Tier 1 support:** Test the quality and level of support provided at baseline and tier 1 by Gloucestershire County Council Services, alternative provision schools and wider network of alternative providers in Gloucestershire.
- **Key Stage 3:** Test whether the support provided at Baseline and Tier 1 is effective and sufficient to ensure that we are able to meet the objective of not permanently excluding at KS3.
- **High Tier Alternative Provision:** Test how effectively the Higher Tier Alternative Provision Panel will function and the support and development required for alternative provision schools to adapt and deliver a broader vocational and

academic Key Stage 4 offer.

- **Funding:** Test that the funding model operates effectively and that funding is targeted and used effectively to support the children most at risk of permanent exclusion.

Funding

To ensure stability during the pilot programme alternative provision will continue to be commissioned countywide at current levels. Funding to do this has been top-sliced from the total available funding (£5.7m spend on alternative provision). After this top-slice, funding for the 6 schools in the Cheltenham cluster will be **£456,038** for the financial year. How funding is distributed between schools and the cluster will need to be agreed as part of the pilot and should focus on ensuring it's available to schools and children that are in most need of support.

Timeline and evaluation

To thoroughly test the model, we will need to pilot over a minimum of 5 terms, with the flexibility to extend as required. Implementation will commence in term 4 2019/20, with a view to start operating in term 5. If progress is successful and agreement can be reached we would like to extend the pilot later in the year to include another cluster.

A formal evaluation framework with success criteria will be developed and agreed during the first phase of the pilot.

Forum members are asked to review and provide feedback on the notes of the working group meeting, the funding model and the outline of the pilot programme.

Forum members are asked to agree to proceed with a pilot programme as outlined above.

Appendix A: LINC Devolved Funding Formula

To see different results amend the yellow cells showing:
 Total amount to devolve; Cluster% allocation
 and AP commissioned places per cluster

Total amount to devolve:		£3,520,000
Primary	30%	£1,045,203
Secondary	70%	£2,474,797

Primary

LINC	LINC Schools	NOR	Total Additional needs Budget	PEX average Weighting	Sector split taking into account PEX weighting	Total allocation by weighted Needs Budgets	0.0% Schools Element	100.0% Total Clusters Element	Further Clusters Split		
									Commissioned AP Places		Clusters Element
									Places	Amount	Remaining
Cheltenham Learning Partnership	27	8,054	£5,030,692	1.00		£174,737	£0	£174,737	0	£0	£174,737
Gloucester Schools Partnership	36	12,015	£8,871,877	1.00		£308,158	£0	£308,158	0	£0	£308,158
North Cotswold Primary Schools Partnership	19	2,255	£1,086,693	1.00		£37,745	£0	£37,745	0	£0	£37,745
Schools not in Partnership	18	4,763	£4,061,203	1.00		£141,063	£0	£141,063	0	£0	£141,063
South Cotswold Schools Partnership	21	3,305	£1,602,589	1.00		£55,665	£0	£55,665	0	£0	£55,665
Stroud association of schools	59	8,131	£3,986,246	1.00		£138,459	£0	£138,459	0	£0	£138,459
Tewkesbury District Partnership	28	4,257	£2,206,203	1.00		£76,631	£0	£76,631	0	£0	£76,631
West Gloucestershire Schools Partnership	38	4,882	£3,245,944	1.00		£112,745	£0	£112,745	0	£0	£112,745
Primary Total	246	47,662	£30,091,448	1.00	30%	£1,045,203	£0	£1,045,203	0	£0	£1,045,203
			61%			100.0%	0.0%	100.0%		0.0%	100.0%

Primary devolved amount			Further Clusters split:
Individual Schools %	0.0%	£0	AP Places Remaining
	100.0%	£1,045,203	

Secondary

LINC	LINC Schools	NOR	Total Additional needs Budget	PEX average Weighting	Sector split taking into account PEX weighting	Total allocation by weighted Needs Budgets	0.0% Schools Element	100.0% Total Clusters Element	Further Clusters Split		
									Commissioned AP Places		Clusters Element
									Places	Amount	Remaining
Chipping Camden & Tewkesbury	3	3,395	£1,907,355	3.78		£250,280	£0	£250,280	0	£0	£250,280
CASH	6	5,408	£3,557,836	3.78		£466,853	£0	£466,853	0	£0	£466,853
Forest	6	3,914	£2,856,262	3.78		£374,793	£0	£374,793	0	£0	£374,793
South Cotswold	3	2,588	£1,173,082	3.78		£153,930	£0	£153,930	0	£0	£153,930
Stroud	7	4,979	£2,677,979	3.78		£351,399	£0	£351,399	0	£0	£351,399
G15	8	7,510	£6,687,660	3.78		£877,542	£0	£877,542	0	£0	£877,542
Secondary Total	33	27,794	£18,860,175	3.78	70%	£2,474,797	£0	£2,474,797	0	£0	£2,474,797
			39%			100.0%	0.0%	100.0%		0.0%	100.0%

Secondary devolved amount			Further Clusters split:
	100.0%	£2,474,797	AP Places Remaining

Overall Total	279	75,456	£48,951,623		100%	£3,520,000	£0	£3,520,000	0	£0	£3,520,000
			100%			100.0%	0.0%	100.0%		0.0%	100.0%

Notes:

Total amount to devolve = 5,700,000 less 218 commissioned places at Alternative Provision

Devolving by Total Needs Budget identifies the incidence of where the pupils are and takes into account the NFF value weightings applied to each element.

The average number of Permanent Exclusions (PEX) over the last 5 years has then been used to obtain a weighting between the sectors that has been applied to uplift the secondary additional needs budgets

Allocations between the sectors has then been based on the weighted additional needs budgets.