

Schools Forum High Needs Sub Group

Schools Forum

Task Group Report

December 2015

Task Group Members

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Kate Bond	Head of Standards and Achievement
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Executive Summary

The current financial forecasts indicate that the High Needs block will have a £2.9m overspend at the year end and this will grow to £4.1m in 2016/17, if no action is taken now. There is a carry forward of £2.2m from last years DSG available that can offset the pressure in 2015/16. This will leave a shortfall of £0.7m

The grant received from central government does not allow for the growth in pupil numbers or make any allowance for inflation and this is anticipated to continue. Even if the current budget shortfall is addressed in 2016/17 the longer term outlook will mean Local Authorities will need to have a programme of cost reduction measures in place over the next few years.

The current government is looking at making changes to the funding system both on the Schools block and High Needs block. Lewisham when ranked with other authorities is well funded, and ranked the 11th highest for both the Schools Block and the High Needs Block on a per pupil basis. There are a number of ways the ranking can be calculated. If the number of statemented children are used to calculate the ranking on the high needs block Lewisham would be 2nd highest. The Government approach to the reform of funding has been to smooth the discrepancies between authorities and to ensure more authorities are funded near average levels by adding funding to the less well funded areas. Whether they wish to take funding away from a Local Authority is unknown but if this is the case then there is a real danger that Lewisham could be in a position of not only looking at significant cost pressures but reducing resources.

The structure of the High Needs block is such that 80% is passed out to providers. Of this, Lewisham schools receive 65% with the remainder going to external providers, academies or schools maintained by other authorities. It is inevitable that any reductions in the High Needs Spend will impact on schools. In reducing costs, the key to the difficult decisions that will be required will be finding the right balance between the needs of the different type of pupils within schools.

The balancing of the needs of pupils and resources that are becoming increasing stretched is not easy. The sub group believe that the recommendations in this report provide a balance between competing demands but accept they do not go far enough in resolving the issues solely in the high needs block.

1. Recommendations

1.1 That the Schools Forum agree :-

- a)** That all commissioned places in Lewisham Special Schools and Resource Bases (resource base places are currently under review) are taken up in full or the number of commissioned places and funding is negotiated downward.
- b)** Note the work so far on the SEN banding review and that the workstream will report back to the High Needs Group in February, in time for the March Forum meeting.
- c)** To no longer provide low level high incidence funding to school collaboratives of £2.0m from September 2016.
- d)** To require the workstream to secure reductions of 20% to 30% of the Alternative Education Provision budget with effect from September 2016.
- ei)** The core budget for CLA Education should be set at £0.479m, this includes the former headroom funding for Children Looked After but excludes the pupil premium.
- Eii)**
 - a) a saving be made on the website funding in 2015/16 of £0.02m and £0.05m in 2016/17 and
 - b) the pupil ambassadors programme be reduced by £0.05m (£0.02m in 2015/16)
- Eiii)** The contribution of £0.1m to CAMHS be ceased from Sept 2016.
- Eiv)** To cease the contribution to secondary schools for attendance and welfare from April 2015 (£0.169m).
- Ev)** Review the central funding provided to Drumbeat for outreach to ensure the outcomes required are being delivered and the funding is spent appropriately.

Review the Family Support function (£0.3m) including alternative forms of funding with effect from April 2016.
- F)** To agree to the continuation of the work of sub group for the foreseeable future
- G)** To agree the revised constitution of the High Needs Sub group

The full savings proposed in the above are shown below

Workstream		2016/17	2017/18
	High Needs savings	£'000	£'000
A	Commissioned places	400	700
C	Collaborative Funding	1,200	2,000
D	Alternative Education Provision	230	395
Eii	Closing the gap	100	100
Eiii	CAMHS	58	100
Eiv	Attendance and Welfare	169	169
Ev	Drumbeat central funding	300	300
		2,457	3,764

2. Background

National Position

- 2.1** In the summer of 2014, the Department for Education (DfE) commissioned Isos Partnership to undertake research into the funding arrangements and practices. The research team were asked to analyse the reasons for differences between spending patterns in different local authorities and the options for changing the ways in which high-needs funding is distributed.
- 2.2** The Lewisham High Needs Block is proportionally one of the highest in the country. Lewisham in financial terms is ranked the 11th highest on a per pupil basis and 2nd on a basis of the number of Education Health Care Plans.
- 2.3** One reason why Lewisham is one of the highest funded authorities is that the funding takes account of the extra costs of London. This is termed the area cost adjustment. When the original calculation existed as a discrete calculation for inner London the adjustment stood at 29%. In recent funding allocations (not connected with the high needs block) the DfE have reduced this adjustment to 20%. In some cases such as the pupil premium, no extra account has been taken of the high costs in London.

- 2.4** It is likely a new funding formula on the High Needs block would likewise dampen the area cost adjustment.
- 2.5** From the above, unless funding levels are guaranteed at their current levels, it would appear that the introduction of a new national method of funding allocations would see a reduction in funding for Lewisham.
- 2.6** Likewise a national review is being undertaken on the school block element of the DSG. Again Lewisham is proportionally one of the highest in the country. Lewisham in financial terms is coincidentally also ranked the 11th highest.
- 2.7** Potentially this could mean pressure is experienced on schools funding from this perspective too. As well as the costs pressures coming through from superannuation and national insurance increases.

Task Group

- 2.8** The Task Group was set up in 2013 by the Schools Forum to review the costs of funding high needs pupils. Specifically the group were asked to make recommendations on how the costs could be reduced to meet the funding provided by Central Government.
- 2.9** The main focus of the savings has been on the matrix funding which acts as a top-up to the £6,000 which schools are required to meet from their delegated budget. This funding for the top-up does not form part of the schools' funding formula but is allocated to schools on the basis of the number of statements the school has and the level of the pupils' needs. To avoid double counting, the first £6,000 of the top-up has been removed over the last two years.
- 2.10** The collaborative funding is for pupils with low level special educational needs, determined as being below matrix level 6. The funding forms part of the Dedicated Schools Grant and is allocated to each collaborative based on a formula. This formula is made up of free school meals eligibility, prior attainment, mobility and pupil numbers. The total amount of the funding across Lewisham is £2.1m. The collaborative funding was created when it was agreed to not issue statements for children with needs covered in the range of matrix 1 to 5. The funding linked to those former statements was then used to create the collaborative funding allocations. This would therefore be the equivalent of the £6000 assumed to be in the delegated budgets of schools for pupils with needs equivalent to the old matrix 1-5. This year in order to balance the budget the collaborative funding was reduced by £0.3m.
- 2.11** Overall the savings to date by the sub group amount to £2.8m

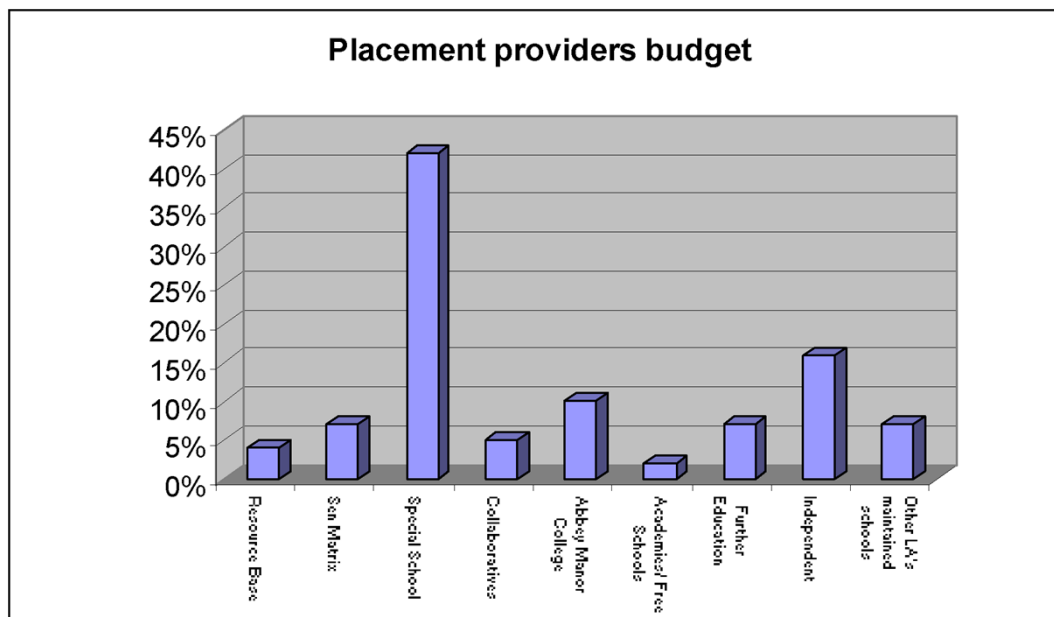
Current financial Position

- 2.12** The current forecast indicates that at the year end there will be an overspend on the High Needs Block of £2.9m. This has steadily increased since July. If no action is taken the overspend is expected to grow to £4.1m in 2016/17. There is a carry forward of £2.2m from last year's DSG available, that can offset the pressure in 2015/16. This will leave a shortfall of £0.7m
- 2.13** The forecast allows for growth in the pupil number next year of £1.3m in 2016/17. It also assumes that the amount received from central government will be cash frozen.
- 2.14** While work continues to provide inclusive education, the current school population is growing. Forecasts of growth rates are always difficult but it is expected that over the coming 4 years there will be a year on year increase in pupils of 3%. If proportionally this is reflected in the budget, this creates a budget pressure of £1.3m each year. On top of this if funding is cash frozen, the consequent pressure through inflation and the London living wage on independent placements is likely to be a further £0.2m.
- 2.15** It is anticipated that each year a saving of £1.5m will be needed. This has been allowed for in the budget forecast for next year.

Budget Structure

- 2.16** The High Needs budget forecast shows payments of £37m which is either to schools in Lewisham (£25m) or outside providers (£12m), a ratio of 2:1.

The providers are shown in more detail below.



2.17 The remaining budget within the High Needs block covers

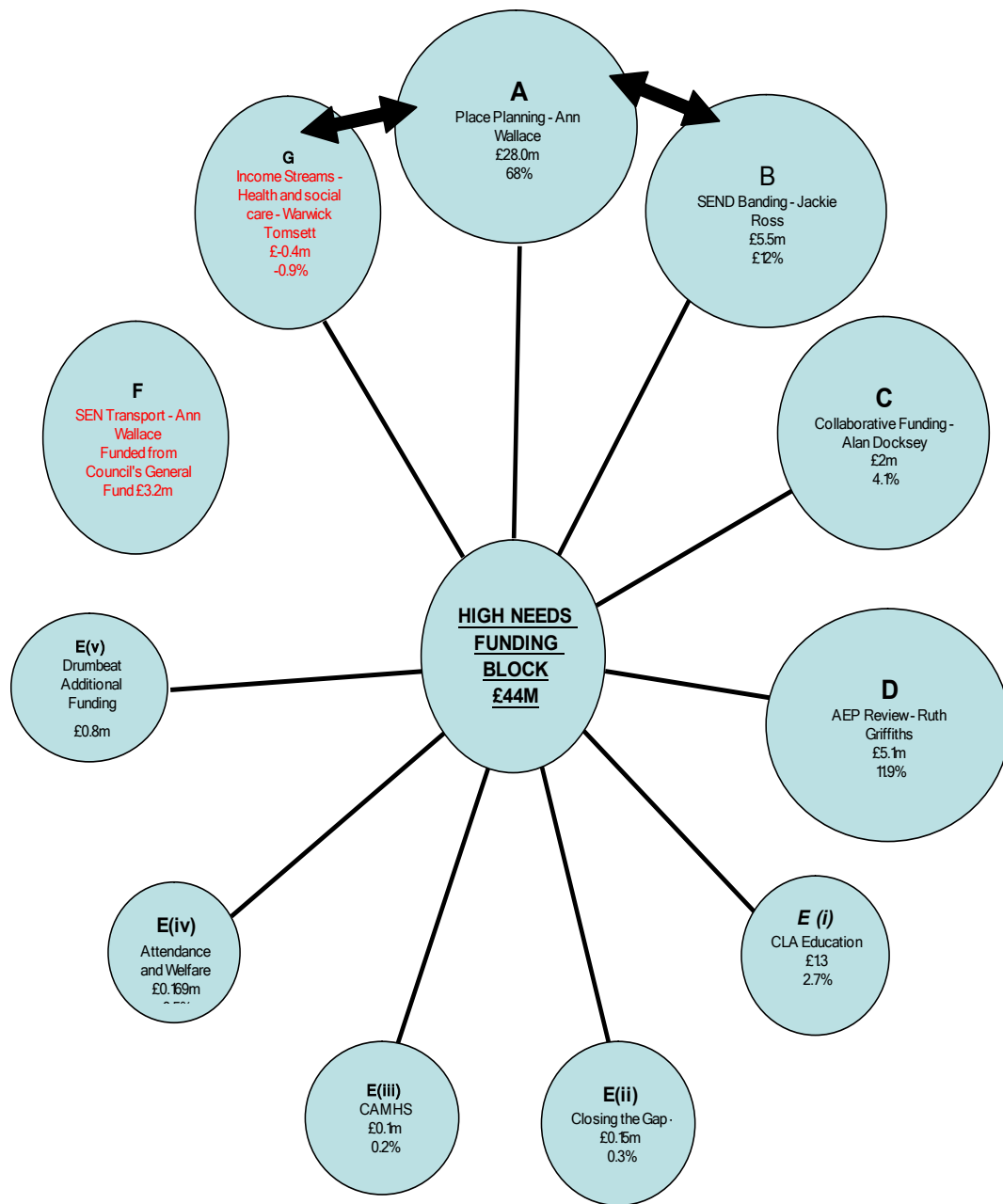
Budget	£'000	
CLA Education	1,220	Includes Pupil Premium funding of £700k which needs to be used for set purpose
Closing the gap	150	
CAMHS	100	
Attendance and Welfare	200	
Outreach at Drumbeat	785	
	2,455	

These budgets provide little scope to make significant savings, which leaves most of the significant pressures to come from the schools funding.

3. The work undertaken

The sub-group wanted to look at all the funding within the high needs block to examine where savings could be made or better value for money could be achieved. A number of work streams were set up.

The work streams are shown in the diagram below, the full diagram with the reporting line to other groups are shown in Appendix 2 of this report



4 Workstream A - Place Planning (Further details can be seen in Appendix A)

4.1 Funding

This workstream looks at all the funding that is paid to special schools, schools with resource bases, schools with children on a ECHP and non Lewisham provides such as the Independent sector, academies

and schools maintained by other local authorities. The total amounts to £33.5m

4.12 Special school places.

Lewisham currently commissions

	Commissioned places	Actual Numbers(FTE)
Watergate	110	96
Brent Knoll	154	141
Drumbeat	171	156
Greenvale	112	112

Lewisham has 513 pupils in Lewisham special schools

4.13 Special school places recommendation - that all commissioned places are taken up and used or numbers are renegotiated and agreed with CWCNS. Schools will only be commissioned for actual number of places available.

4.14 College places

Lewisham currently has 143 pupils in college places

4.15 College places recommendation - that we continue to monitor and commission appropriate number of places in FE College

4.16 Independent schools

Lewisham currently has 93 pupils in independent provision

4.17 Independent schools recommendation - that no more independent provision places are commissioned unless absolutely necessary as agreed through the SEN panel or Tribunal process. That we continue to ensure that Lewisham schools are able to cater for the needs of Lewisham SEN pupils within both our mainstream and special schools.

4.18 SEN General budget

Further exploration of this budget will be undertaken by the PPP Group. This review will report back to the HN Project Group by February 2016.

4.19 Resource provision

Lewisham has 137 pupils in Lewisham Resource Provisions. There are currently 172 commissioned places within the resource bases. There is a current review of resource provision taking place following this year's annual audit. The review will make recommendation on the type of resource provisions required to meet the needs identified through

our needs analysis and those presented at SEN panel. This information will be reported back to the HNF Group by April 2016.

5 Workstream B - SEND Banding Review

Current review of banding system being undertaken. This review will report back to the High Needs Sub Group in Dec 2015.

6 Workstream C - Collaborative Budgets (Further details can be seen in Appendix C)

6.1 Funding

This allocation to school collaboratives is funded from the High Needs Block of the DSG. It was initially agreed by the Forum for 2007/8.

In 2015/16 the funding allocation was reduced by £0.3m(15%) on the recommendation of the schools forum high needs sub group, but a change in the national academy recoupment regulations led to St Matthew Academy becoming eligible for this funding, thereby reducing the saving to £0.2m.

6.2 Rationale

The funding is intended to support those pupils who had a need below that of a EHC plan. Under the new funding regulations the initial support under an EHC plan is required by the DFE to be met from the school budget. In financial terms this support is up to £6,000. Consequently it would mean that the cost of pupils with lower level needs should also be supported from the school budget and not from additional funding.

In June 15 the Forum considered the use of collaborative funding and asked that the matter be referred to Primary Strategic, now the Leadership Forum. There were mixed views. Some schools valued the funding and felt that it contributed to some good practice. Other collaboratives did not use the funding in this way but passed it back immediately to schools. The main benefit was that it allowed the resource to be shared amongst schools in the collaborative, that individually schools could not afford.

6.3 Recommendation

The funding be withdrawn from September 2016

7 Workstream D - AEP Review (Further details can be seen in Appendix D)

7.1 Funding

The funding in this work stream can be considered in two groups. Firstly the funding that is provided to New Woodlands Special School and Abbey Manor College (£5.2m). Secondly funding (£1.6m) that supports SEN, Outreach work, The Intensive Programme, Pupils not excluded, Attendance Worker, Social Workers, Teenage Pregnancies, Hospital and Home Tuition. Some of this funding will also be given to New Woodlands and Abbey Manor College. All funding comes from the DSG.

The schools forum agreed New Woodland's budget in Dec 13. At the meeting the Forum agreed to protect the schools budget for 2014/15 at existing levels. For the rest of the Special Schools the Forum agreed that all special schools funding rates should be standard across all schools for children falling within a particular band. If this had been implemented for New Woodlands the school would have faced a loss of £0.291m and this funding has remained in the schools budget. The Forum asked for this to be reviewed.

The Funding for social workers at New Woodlands and Abbey Manor was agreed by the Forum in 2008/9 and has been confirmed every year since at their budget setting meeting.

The college placements budget has been subject to a contingency bid from the Forum. The latest funding was agreed at the October 16 meeting of the Forum.

No specific approval for the approval of the rest of the budget has been sought from the Forum but included within the budget totals.

7.2 Rationale

An Alternative Provision Review is underway. It is recommended that this workstream of the sub group will focus on and review funding allocations being appropriately targeted, fitness for purpose, effectiveness of delivery and value for money with the view to making savings.

As part of the Alternative Provision Review this work stream will be considered and completed in full consultation with providers and key stakeholders, and therefore final recommendations will be delayed until the end of the Review (March 2016).

The AEP Review will complete a final report in March 2016. Any budget amendments would then need to be agreed by the School Forum which would need to happen in the Summer Term. Once School Forum have agreed any amendments there may then need to be HR processes or other procedures to be followed before any savings can be delivered.

Therefore the most realistic timeline for the implementation of any savings is not likely to be realised until April 2017 (although some savings may be able to be made in year, but this should not be relied upon).

The AEP Review will confirm and evaluate the expenditure against delivery and will then consider the risks and mitigation required to ensure that provision and service savings do not negatively impact on some of Lewisham's most vulnerable children and young people.

Recommendation

Initially from this funding stream recommended savings of between 20% - 30% should be anticipated as part of the Review outcomes on the non school budgets. This equates to between £0.3m and £0.45m

8 Workstream Ei Children Looked After (CLA) - LA Education (Further details can be seen in Appendix Ei)

Funding

Most of the funding is provided through the pupil premium for CLA (£0.741m) There are restrictions on how this money can be spent – it cannot be spent on the Council's core statutory functions and DFE have confirmed that it would not be in the spirit of the Pupil Premium Grant to pay Virtual School staff salaries although this can cover spend on individual pupil level interventions and support. Additionally there is an early years pupil premium for CLA OF £9,000.

£479,210 comes from the Dedicated Schools Grant High Needs Block which should fund the core business of the Virtual School. This allocation from the High Needs Block includes a specific £0.2m 'headroom' bid to Schools Forum to support a range of CLA education needs including tutors for Y6 and KS3. However, this is not an accurate reflection of budgetary need and does not properly reflect how the different budgets are allocated as we need to ensure we are operating within statutory guidelines which have been recently updated.

Rationale

That the £0.2m currently allocated as a yearly (headroom) grant should be incorporated into the overall DSG High Needs Block allocation which will bring the actual spend in line with updated guidance on how the budget for CLA should be spent. The Pupil Premium Grant for CLA will be able to cover all pupil level spend along with commissioned services (such as welfare call contract). This means that the DSG High Needs Block funding will be needed to cover the core business of the Virtual School in line with guidance. The High Needs Block element of the DSG allocation therefore needs to be sufficient to cover this area of expenditure.

Recommendation

The current level of £0.479m should be renamed as Virtual School for CLA. This spend should be monitored via the Virtual School Governing Body.

9 **Workstream Eii - Closing the gap** (Further details can be seen in Appendix Eii)

9.1 **Funding**

The following budgets support the delivery of the Pupil Ambassadors Programme, Lewisham University Challenge, School Website:

Project Manager - Equalities & Achievement (salary)
(Coordinator for the Pupil Ambassadors Programme)
Pupil Ambassadors Programme costs
School Website (Development)
School Website (Maintenance)
Consultancy (20 days)

The overall budget was confirmed on the 12th December 2014. The funding for the website was specifically agreed on the 12th December 2013.

9.2 **Recommendation**

As of the 1st April 2016, stop the funding of the Lewisham Pupil Ambassadors Programme and make a saving of £0.050m for 2016/17, with a saving of £0.02m in 2015/16

To stop the expenditure on the website of £0.05m

10 **Workstream Eiii - CAMHS** (Further details can be seen in Appendix Eiii)

10.1 **Funding**

This service is mainly funded from the Council's General Fund (£0.9m) but a small contribution is made from the DSG High Needs Block of £0.1m.

This service has not been subject to savings requirements to date, however further savings are anticipated across the wider CAMHS service, which will have implications for schools in the future.

CAMHS offer a generic service across all schools in Lewisham, but the DSG funding offers added value to schools, by focusing additional limited resources where required.

All cases are reviewed and prioritised daily through the CAMHS triage system.

Additional funding through the DSG High Needs Block pays for two additional clinical posts to work with prioritised cases, which have either been referred by schools or where the young person has specific school issues.

The service provided includes specific school outreach support across approximately 20 schools, such as: contact and liaison, attendance at TACs/school meetings and offering clinical appointments in school settings.

10.2 Rationale

Extensive work is currently being undertaken by commissioners with the new Service Manager for Lewisham CAMHS to review data and value for money across the whole service.

It is recognised that the CAMHS school's team does not offer an equitable service to all schools in Lewisham, but it is important that any changes are considered within the wider context.

Over the next twelve months the whole CAMHS service will be reviewed in line with other Local Authority savings proposals and developments, such as the local CAMHS transformation programme and the Big Lottery HeadStart Programme.

10.3 Recommendation

It is recommended that the £0.100m from the High Needs Block is offered as a saving from 1st September. This will enable a saving of 7/12 months in 16/17 and then ongoing savings of £0.1m from 17/18 and beyond.

11 Workstream Eiv - Attendance and Welfare (Further details can be seen in Appendix Eiv)

11.1 Funding

This service is mainly funded from the general fund (£0.5m) but a contribution has been made previously from the DSG high needs block of £0.169m. A new traded service was set up with schools to trade the non-statutory elements of the service.

11.2 Rationale

This funding is devolved to secondary schools who employ their own attendance and welfare workers. There has been no formal agreement from the Schools Forum for this. No payments have been made for 2015/16 yet but the payments in 2014/15 were as follows

Prendergast Lady well Fields	£29,361
Prendergast Hilly Fields	£ 8,874
Conisborough College	£16,381
Sedgehill	£18,024
Sydenham	£17,687
Deptford Green	£14,343
Forest Hill	£29,361
Addey and Stanhope	£12,561
Bonus Pastor	£9,433
Trinity	£8,874

These figures are based on past allocations that have been rolled forward from previous years.

The outcomes for this funding is unknown

11.3 Recommendation

The funding is ceased from April 2015

12 Workstream Ev - Drumbeat (Further details can be seen in Appendix xx)

12.1 Funding

The total funding is £0.78m which covers the outreach service (£0.303m), a resource specialist teacher (£0.075m), additional early years resource (£0.1m) and Family Support for ASD (£0.3m).

12.2 Recommendation

Review the central funding provided to Drumbeat for outreach to ensure the outcomes required are being delivered and the funding is spent appropriately.

and

Review the Family Support function (£0.3m) including alternative forms of funding with effect from April 2016.

13 Workstream F - SEN Transport

A separate council review of the transport has commenced and will report separately

14 Workstream G- Income streams from Health and Social Care

14.1 A review of the process has been undertaken by officers to ensure all the appropriately income is recovered. The place planning group will consider the level of income charged as part of its review.

15 Summary

The above recommendations would delivery the follwing savings

Workstream projects	Estimated Saving			Budget £'000	%
	2015/16	2016/17 £'000	2017/18 £'000		
A Place Planning	0	400	700	28,000	2
B Banding Review	0	0	0	5,500	0
C Collaboratives	0	1,200	2,000	2,000	100
Di Alternative Education provision	0	230	395	1,600	25
Dii AEP - Schools	0	0	0	5,100	0
Ei Cla Education	0	0	0	500	0
Eii CAMHS	0	58	100	100	100
Eiii Closing the GAP	50	100	100	150	100
Eiv Attendance and Welfare	169	169	169	169	100
Ev Outreach / Drumbeat	0	300	300	800	0
	219	2,457	3,764	43,919	

Potentially this would leave a shortfall next year of £2.2m although the full year impact of these savings would leave a shortfall of £1m.

Officers were asked for their views on a number of potential savings to cover the funding gap. Potential areas include

- Growth fund for expanding schools
- Additional Hours for 3 and 4 year olds
- Capital projects funding

- Schools Individual Schools Budget.

It is beyond the remit of this group to consider these areas and officers will bring forward to the Forum separate suggestions in the December Budget report.

16 Revised Constitution

The sub group considered their constitution to make sure that it was relevant. A revised copy is attached and the Forum asked for their approval.

Rationale

The High Needs Sub group was set up in 2013 to look at controlling the forecast overspend in the following two year period. This period was extended for one further year last December. The original thinking was that the period of austerity would end and funding settlements would return to their norm. This now appears increasingly unlikely over the life of the current parliament. With the government increasingly likely to look at reviewing the way schools are funded for High Needs, Lewisham will find the next few years challenging. There will be a limit of what is possible in terms of savings and other spending within the DSG will need to be considered alongside the High Needs block.

A draft revised constitution is attached which provides a structure to the group's works while providing a more scope to resolve the issues. It also provides greater structure to the group.

The proposed constitution can be found in Appendix 3