

<b>Schools Forum</b>			
<b>REPORT TITLE</b>	<b>High Needs Sub Group - Annual Report</b>		
<b>KEY DECISION</b>	<b>Yes</b>	<b>Item No.</b>	<b>5</b>
<b>CLASS</b>	<b>Part 1</b>	<b>Date</b>	<b>7 December 2017</b>

### 1. Purpose of the Report

To consider the recommendations of the High Needs sub group on funding education, health and care (EHC) plans and resource bases. The report considers the medium term financial strategy for the High Needs block and the changes to Alternative Provision.

### 2. Recommendation

The Schools Forum is asked to

1. Note the medium term financial strategy.
2. Task the High Needs sub group with
  - a) Recommending a strategy for reducing the high needs expenditure over the coming year in order to reduce the costs in April 2019
  - b) Recommending the funding levels of Abbey Manor College, the new Primary pupil referral unit and New Woodlands and report back to the Forum in March 2018
3. Support the High Needs sub group recommendations as follows:
  - a) To implement the new banding systems in resource bases at a cost of £251k
  - b) To implement the new banding system for ECHPs in mainstream schools at a cost of £47k

c) Support the funding changes to SEN staffing at a net cost of £165k

4. Thank the members of the task group for their work during the year
5. Confirm the membership of the task group and ask the secondary representatives to appoint a new representative

### **3. Background – the task group**

- 3.1 The Task Group was set up in 2013 by the Schools Forum to review the costs of funding high needs pupils. Specifically the group was asked to make recommendations on how the costs could be reduced to meet the funding provided by Central Government.
- 3.2 While maintaining the remit of ensuring the high needs block is financial balanced, the group was asked to undertake a review of the current way high needs pupils are banded and consequently funded and to draw up plans for implementing the new system.

### **4. Current Financial Position**

- 4.1 The current financial forecasts indicate that the High Needs block will only have a marginal overspend at the year-end (2017/18). There should however be a note of caution with this as there is always uncertainty over any predictions of increases in number of pupils that will require support between now and the end of the financial year.
- 4.2 There are significant costs of a one off nature that are built into the above forecasts. In addition there is the one off cost of the transitional protection for special schools on the introduction of the new banding system. Once off funding has also been needed to re-shape the resource base provision. If none of these costs were met then there would be a surplus of £2.1m. Going forward this is taken into account in the medium term strategy
- 4.3 When calculating the sum required for next year's budget, growth in pupil numbers needs to be taken into account. There is an element of inherent uncertainty with making predictions of growth. In order to do this sensitivity analysis is applied to understand the range of likely financial consequences. Forecasts are built up under the scenario thought most likely to occur and then both a worse case and best cases are considered.

- 4.4 The funding growth announced already by the government of £1.0m is allowed for in the strategy. Further changes may be made once the final settlement is made. The medium term financial strategy has been drawn up on the most likely scenario and the best case or worst case. The terminology is the best and worst case is in financial terms. The overall summary is shown below:

	Predicated Surplus / Deficit			
	18/19	19/20	20/21	21/22
	Year 1	Year 2	Year 3	Year 4
	£000's	£000's	£000's	£000's
Most Likely	249	1,775	4,387	7,947
Best Case	-	214	638	2,469
Worst Case	762	2,989	6,534	11,145

- 4.5 The main driver in the financial strategy is growth in the number of children with SEND being diagnosed and requiring support via EHCPs. This has been estimated at 105 pupils at a cost of £1.4m. An estimate has then been made on how successful we will be in shifting pupils numbers into in-borough provision and controlling costs in the independent sector.
- 4.6 The main backdrop for the strategy is that while next year the high needs block more or less balances it then starts to go into deficit in 2019/22 if the growth is not managed. It is proposed that the high needs sub-group over the course of the next year considers how the budget can be brought back into balance and reports back to the Forum with it recommendation in December 2018.
- 4.7 **The financial position across London**

London Councils recently undertook a survey of the high needs budget across the London

There findings were

**In relation to the funding in the DSG for High Needs**

- In 2016/17, the amount spent on high needs was greater than the amount allocated through the high needs block of the Dedicated Schools Grant (DSG) in 23 out of 28 boroughs.
- The aggregate 'funding gap' across these 23 boroughs was £94 million – equivalent to 13.6 per cent of aggregate high needs allocations or £4.1 million per borough
- In those boroughs that spent less on high needs than allocated through the high needs block of DSG, this is likely to be due to transfers within DSG to meet pressure in other blocks

**In relation to the budgets that a local authority set for high needs (The budget set does not necessarily have to equal the funding given)**

- Comparing outturn figures against budgets for 2016/17, 17 boroughs overspent on high needs and 11 boroughs underspent in 2016/17.
- A higher proportion of inner London boroughs overspent on high needs budget – but the aggregate overspend was greater in outer London (7.7 per cent of budget compared to 6.1 per cent in inner London )

4.8 Over the last three years the Forum has agreed the following savings

	£m
2014/15	0.5
2015/16	2.1
2016/17	4.1

**5. Resource Base funding**

In 2016 Schools Forum agreed that a review of banding should take place to put in place universal banding system for all Lewisham schools and resource base provisions. The review has included the development of a comprehensive guidance document and proposed funding models to support the banding levels. Financial modelling has been undertaken for children and young people in resource base provisions which will require additional funding of £251K for 2018-2019 from the HNB.

The detailed report that the High Needs sub group considered can be found in Appendix A to this report

The Forum is recommended to introduce the new resource base banding levels from April 2018

## 6. Education Health Care Plans funding in mainstream schools

As outlined above the review of banding included all schools in Lewisham. The work on banding in respect of mainstream schools has also been undertaken which included detailed examination of children and young people with EHCPs in mainstream settings and the current banding matrix. It is proposed that the revised banding is a fixed rate rather than the variance currently used. The proposal will mean an additional £47K from the HNB for 2018-2018 and that some schools may lose and some schools may gain financially. It has been agreed that officers will work with those schools that are set to lose funding to ensure a smooth transition to the revised system and ensure that schools are able to meet the needs of individual children in line with their EHCP.

The detailed report that the High Needs sub group considered can be found in Appendix A to this report

The impact on schools in summary form

	Primary Schools	Secondary Schools
Lose greater than £5,000	2	1
Lose between £1,000 and £4,999	9	1
Lose between £0 and £1000	11	1
Gain between £0 and £1000	17	2
Gain between £1000 and £4999	19	3
Gain greater than £5,000	5	3
<b>Total</b>	<b>63</b>	<b>11</b>

The maximum loss in primary is £23k and in secondary it is £9k.  
The gain in primary is £12k and in secondary it is £13k.

The Forum is recommended to support the introduction of the new banding system for EHCPs in mainstream schools from April 2018.

## **7. Staffing changes**

The introduction of the Children & Family Act 2014 in September 2014 has resulted in the most significant changes to Special Educational needs in the last 30 years. The SEND reforms have led to a significant increase in demand for EHCP Needs Assessments. During academic year 2016/2017, Lewisham SEN experienced an 85% increase in requests for statutory assessments, compared to academic year 2013/2014 (the last year of Statements of Special Educational Needs) Similar significant increases have been evident each academic year since the reforms in September 2014 (91% in AY14/15 and 147% in AY15/16).

It has also placed greater demand on the Local Authority and Local Area to ensure Education, Health and Social Care are working together to identify and meet the holistic needs of children and young people with special educational needs and disabilities.

Over the last three years, the Children with Complex Needs Service has had to redesign how services are delivered and with the significant increase in demand for EHCP needs assessment and the change from an administrative process for Special Educational Needs assessments to a case work process this has particularly impacted on the SEND team.

The SEND Reform grant has allowed some of these changes to be implemented and funded. This grant comes to an end in March 2018. In order to continue to implement the reforms and the staff changes that have been made i.e. case officers allocated to individual schools. This additional funding would need to continue.

Agreement to use the funding from the High Needs block would allow the SEND team to continue to have the staffing capacity required to continue to deliver the required service and would support the current delivery model of having a case officers allocated to individual schools. It would also allow for the continuation of the Resource Provision lead, SEND Advisory role and Post 16 SEN transition case officer.

The amount required is £365k but is offset by savings made in the high needs block of £200k. Schools Forum is asked for its views on this.

## **8. New Woodlands**

New Woodlands School continues to work through the transition plan for the second year. The school continues to operate as a special

school for KS1-3 and as a PRU for KS1 and 2 only. Currently the primary phase is full due to the increase in referrals from schools for children who require an EHCNA. See Appendix B for details.

The New Woodlands Advisory Board received a detailed Interim Review Report of the NW Outreach Service and is in the process of drafting detailed report with a range of options for the future of the Outreach Service which will be presented to Schools Forum in the spring term for approval.

#### **9. Abbey Manor College**

The pupil place funding is currently being considered for AMC which is now under new headship. An exercise of benchmarking the funding against other PRUs in other LA and statistical neighbours is currently being undertaken. AMC is also in the initial stages of proposals to extend the age range of the College to include primary provision and the financial implications of these are being considered, including benchmarking costs and provision with other local authorities. This is to ensure that the sub group can demonstrate that the proposals will stand up to challenge.

It is anticipated this work will be completed in order to report back to the Schools Forum meeting in March for an implementation in April 2018.

#### **10. Work plan of the High Needs Sub Group**

The purpose of the task group is consider how the expenditure on high needs children can be contained within the proposed value of the High Needs Block and that best value can be achieved. It has the objective to agree an annual work plan based on the current needs and priorities of high needs funding block and to secure the support of the Schools Forum for its proposals.

The sub group has drawn up a list of the priorities for the coming year and seek the Forums' agreement to the following work

- a. To consider how the financial pressures of the high needs block should be addressed
- b. To review the Local Authorities place planning numbers.

The current members of the task group are as follows

Marie Neave	Headteacher	Drumbeat
Lynne Haines	Headteacher	Greenvale

Jan Shapiro	Headteacher	Addey and Stanhope
Vacancy	Headteacher	Secondary
Kathryn Wong	Executive Headteacher	King Alfred Federation
Janaki Monk	Assistant Principal Inclusion	Haberdashers' Aske's Hatcham College
Heather Johnson	Headteacher	Abbey Manor College

The High Needs sub group meetings have not always been well attended and the Schools Forum is invited to confirm the membership and to appoint a further Secondary School representative.

## 11. Roles and Responsibilities

With the regard to financial issues relating to:

- Arrangements for pupils with special educational needs, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding
- Arrangements for use of pupil referral units and the education of children otherwise than at school, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding

it is a requirement that Local Authority consults the Forum annually to give a view. The final decision rests with the Mayor

## 12. Conclusion

The financial constraints under which the public sector is operating are not expected to ease over the next few years. The problem for the High Needs Block is that the growth in expected pupil numbers is higher than the general growth in the pupil population, partly reflecting the SEN reforms.

Dave Richards

Group Finance Manager – Children and Young People

Contact on 0208 314 9442 or by e-mail at [Dave.Richards@Lewisham.gov.uk](mailto:Dave.Richards@Lewisham.gov.uk)