

Schools Forum

25TH June 2019

High Needs Recovery Plan

Introduction / Background

1. In February 2019 the Government introduced a new requirement that LA's with more than a 1% deficit on their overall Dedicated Schools Grant (DSG) must submit a three year Deficit Recovery Plan by the end of June of the following year.
2. It is recognised that overspends on High Needs are the major factor contributing to DSG deficits. This is the case in Stockton where the cumulative deficit is £2.577m which equates to 1.6% of gross DSG.
3. The guidance is clear that there is no requirement for the Council to make up the funding shortfall from non DSG funding sources. Recovery plans should be discussed with schools forums, and be signed off by the local authority's chief financial officer (CFO) before the plans are submitted to the department
4. If a local authority feels that a three-year time frame is not realistic, it will be able to submit with its plan evidence that states how this may not be achievable.
5. The DfE will review the recovery plans on a case by case basis and will decide if they can accept a recovery plan that leaves some or all of the deficit accumulated to date outstanding. Ie the historic deficit would not be required to be recovered within the three-year period.
6. Following submission a DfE Panel will review the plans with the intention of giving feedback to each Local authority by the end of September 2019. The DfE will look to discuss the viability of the plan as well as establish areas in which the DfE can support local authorities to bring their deficits into balance.

High Needs Position

7. As reported in the outturn report elsewhere on today's agenda the cumulative overspend on DSG is £2.577m. Within this figure is an in-year High Needs overspend of £1.625m for 2018/19.
8. The overspend on high needs budgets is shown against a number of spending areas, particularly:-
 - a. Top Ups in the Boroughs maintained schools and Academies
 - b. Independent Special School Placements

- c. Out of Area schools and academies
- d. Excluded Pupils

9. There have been growing high Needs pressures since the SEND reforms in 2014. The main drivers of the financial pressures are the demand led measures of need shown in the table below.

	2014/15	2015/16	2016/17	2017/18	2018/19 (To date)	% Increase over Period	Period (years)
Number of Education, Health and Care Plans	929	1049	1193	1328	1452	56%	4
Permanent Exclusions	17	18	35	43	56	229%	4
Non Statutory SEN - new approved applications	N/A	N/A	N/A	274	327	19%	1

10. There have been only small increases in the amount of DSG funds allocated to the High Needs block meaning it has not kept pace with significant cost pressures and demand led activity increase evidenced above. The view of the local authority is that there is insufficient High Needs funding and we continue to lobby for an increased funding deal for children and young people in Stockton. The LGA estimates the funding gap to be £667m nationally in 2019/20 rising to £1.6bn by 2021. However, in the absence of additional funding being provided by central government, the local authority must take the necessary action it can to reduce costs and manage the position whilst balancing the SEND needs of children and young people in the area.

11. As mentioned in the DfE Update report the Government have issued a Call for Evidence entitled “Provision for children and young people with special educational needs and disabilities, and for those who need alternative provision: how the financial arrangements work”. The deadline for a response is 31 July 2019.

12. Also in May 2019, the Timpson Review of School Exclusion was published containing a number of recommendations for the DfE. These include that schools should retain responsibility for the attainment and achievements of pupils after exclusion.

Deficit Recovery Plan Proposals

13. The work on High Needs has been incorporated into the transformation programme of reviews across Children’s Services. This review is transformative in that it is not focused on the work or remit of one single team, but is much more focused on system wide change. The review is continuing with plans being honed and further developed. We will report to Schools Forum as the work progresses and we monitor its success.

14. The transformation Review is focusing its efforts around the following:-

- a. More joined, earlier working to reduce requests for HNF and get currently available support to families quicker. We have introduced an extensive training programme for teachers run by our Psychology service and SEN advisers for teachers in our schools which is either free or reduced cost to increase capacity and knowledge in school to meet the need of Children with SEN. This will result in more children having their needs identified early and having their needs met at an early stage in local provision. There is extensive joint commissioning work going on with the CCG to provide early support for children, young people, parents/carers families and schools such as Daisy Chain family support, school training and pupil intervention. This is particularly important to HNF as Communication and Interaction ONE Point panel (non stat) is by far the highest number of applications.
- b. Inclusive Schools - See above re: SEN. This is particularly important given the increasing occurrence of Permanent and Fixed Term Exclusion of children with SEN in particular those children with needs identified but not met in the school setting. The PRU is full with children being held on an EOTAS roll and tutored by supply agency at increased costs. The LA propose to supplement this supply agency tutoring with a brokerage provider through casual pool. This is an invest to save for all home tutoring services (including Home & Hospital).
- c. Commissioning – review the strategy, co-production model & services. Joint commissioning with Health partners to increase the core offer to meet children’s needs earlier and to reduce high cost individual commissioning arrangements and packages through independent providers.
- d. Placements – review of EMS placements commissioning, special schools placements, autism, difficult to place, neurodevelopmental, out of Borough review. Work is ongoing with NEAS to provide services within Stockton to enable more children to remain in borough, receiving NHS services due to locality based teams. All EMS admission criteria is to be reviewed to reflect current need and the local climate regarding placements.
- e. Alternative provision – reduced exclusions and spend – develop new model – develop greater out reach capacity. Bid to be submitted to Tees Valley opportunities fund for support with AP set up.

15. Given the significant pressures the management of demand is proving challenging. Also, as mentioned previously, the extent of the current deficit makes it difficult recovering this from on-going spend without adversely impacting on needs of children and young people.

16. It is assumed that the trends in growth in activity. The assumptions for some savings assume that the action plan is successful in damping the growth demands.

17. The attached Appendix sets out the proposed budget plan over the next three years. It includes the assumptions in terms of spend, potential savings and funding.

18. Potential Savings:-

- a. The Council are reviewing the contract arrangements for Hearing and Vision Impairment services, the statutory responsibilities and the opportunities for Jointly Commissioning some of the content.
- b. Occupational Therapy services – reduction in the use of privately commissioned services.
- c. Reduction of ARP placements over time is in the financial plan which will impact positively on HNF. Mapping exercise to be completed for known future need and current availability across the borough to include children who are on the cusp of Specialist provision potentially being able to be supported in an EMS rather than Special. This will then create spaces in specialist provision for more complex/OOA children where appropriate.
- d. Mapping exercise of future needs across next 3 years for Post 16 pathways. To establish aspirational destinations which meet the needs and aspirations of the young person whilst also preparing them for adulthood.
- e. To continue to develop non independent placements to meet the cohort of children. Reduce the number of independent school placements at appropriate transition points.
- f. Reduce reliance on out of area academies / schools see (c) and assume no further growth.
- g. Clearly identify through EHCP's (new and reviews) work with partners involved with the children and young people. Identify in Health and Social care sections in EHCP (G, H1, H2) the provision required to meet identified Health and Social Care needs and that it is funded appropriately.
- h. Tees Valley were awarded a free special school. This will open in 2022. The cost of this will be similar to a special academy and therefore will reduce the number of children requiring much higher cost independent special school provision. Each LA has 25 places.

19. Other potential savings may be generated from:-

- a. Review of Alternative Provision -This will in time reduce the need for as many PEx places at the PRU as schools will be able to buy places in AP as a support mechanism for children finding mainstream curriculum difficult.
 - b. SEN Support focus – building parental confidence through work on SEN support (development of SBC expectations of provision at SEN support) This will reduce the need for EHCP's as schools will be more confident in meeting diverse cohort of children with SEN. Parents will be more confident that schools can meet need without the LA determining provision through an EHCP.
20. The funding projections assume that a transfer from Schools Block to High Needs Block of £1.4m continues for 2020/21. At present, this is the last known year where local authorities will continue to determine allocations to schools before the potential move to a hard national funding formula, where it is assumed there would be no flexibility. The position will be reviewed once this position becomes certain.
21. In December 2018 the DfE announced an additional £125m for LA's in England in both 2018/19 and 2019/20 in recognition of High Needs pressures. The funding allocated to SBC for each year is £453,500. It is assumed that the DfE continue this funding year on year thereafter.
22. The Budget Plan for the next three years is set out in the Appendix. It shows the cumulative deficit moving from £2.6m at the end of 2018/19 to £3.3m by 2021/22. In the same time frame the in-year deficit approximately halves from £1.15m to £0.57m.

Risks

23. There are a number of financial risks around the delivery of the recovery plan including:-
- a. Growth is greater than anticipated
 - b. Specific issues around achieving potential savings
 - c. Planned funding does not materialise eg Transfer from Schools Block refused by SoS; Additional funding received from DfE in 2019/20 does not continue
 - d. Reducing existing levels of HN spend involves significant challenges and also depends on the shared commitment of all Stakeholders. This also need to be viewed in the current national context of increased expectations.

Recommendation

24. That the Schools Forum support the High Needs Deficit Recovery Plan.

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