

AGENDA ITEM 6

REPORT TO SCHOOLS FORUM

15 NOVEMBER
2022

HIGH NEEDS UPDATE REPORT

SUMMARY

To provide Schools Forum with an update on the financial position for High Needs factoring in any recent funding announcements.

RECOMMENDATION

1. It is recommended that Schools Forum notes the report.

SPENDING PRESSURES

2. The school budget outturn report which was presented to the Forum at the meeting on the 28th June 2022 showed that there was a net saving on Dedicated Schools Grant (DSG) of (£0.571m) during the 2021/22 financial year. The in-year net saving is (£0.571m) which is made up of (£1.287m) planned in-year High Needs saving offset by a **£1.047m in-year High Needs overspend** but also offset by savings of (£0.331k) on other DSG areas. Therefore the overall cumulative deficit of £5.480m has been carried forward into 2022/23.
3. Notwithstanding the above the authority had actually budgeted £1.287m as a contribution to the overall DSG deficit. Therefore there was shortfall of £0.716m against the planned deficit reduction.
4. As noted in the Outturn report presented to the Forum in June the main reason for this shortfall was that expenditure within the High Needs Block **exceed budget by £1.047m** during the year.
5. High Needs pressures in 2021/22 have related mainly to the following:-
 - a. Continuing increase in the number of Agency placements
 - b. Additional top-ups, placement costs and one-off funding for pupils in SBC Special Academies (Although this investment in local places should see a reduction in higher cost out of area placements in the medium to long term).
 - c. Mitigations relating to increasing Joint Commissioning and associated Health Funding contributions have not been met.
 - d. Increase in the number of pupils staying on to Post-16 / Post-19.

6. The High Needs pressures have continued during the first half of the current financial year. As reported to the Forum in October the Schools Budget Monitoring to the 30th September report, identified that the Council was estimating that there would be additional costs of £588k related to increased agency placements during the current financial year.
7. Since then the a further budgetary control exercise has been undertaken and costs and number of placements have increased again. This has resulted in a additional estimated cost of £150k.
8. The increases related to the outturn position and in year budgetary control exercises have been built into the updated High Needs Medium Term Financial Plan.

HIGH NEEDS FUNDING 2023/24

9. Details of High Needs Funding for 2023/24 were provided to the Forum at its meeting in October 2022 as part of the Schools Funding report for 2023/24.
10. In summary High Needs Funding is increasing by a further £570 million, or 6.3%, in 2023-24 – following the £1 billion increase in 2022-23 and £1.56 billion increase over the previous two years. This brings the total high needs budget to £9.7 billion. The high needs NFF will ensure that every local authority receives at least a 5% increase per head of their 2-18 population.

HIGH NEEDS POSITION

11. The current high needs medium term financial plan is attached at **Appendix 1**. The figures which exclude any assumed future block transfer show that high needs expenditure is expected to rise from £31.969m in 2021/22 (see table in paragraph 26) to £34.933m in 2022/23, then increase to £36.541m by the end of 2023/24 and then up to £37.211m by the end of 2024/25.
12. Detailed forecasting work continues to be undertaken and over the last few months the High Needs Medium Term Financial Plan has been updated to reflect the outturn variations in spending during 2021/22 and the current years expenditure projections as detailed in paragraphs 2 to 8 above. All aspects of this plan is continually reviewed taking account of;
 - past trends,
 - the current budgetary control position,
 - increase in placement numbers,
 - inflationary increases,
 - changing service requirements,
 - current and future contract requirements,
 - latest funding announcements.

13. Therefore based on the current MTFP forecasts presented in Appendix 1 it is estimated that there will be a funding surplus of £1.564m in 2022/23, £1.126m surplus in 2023/24 and £1.583m in 2024/25. These surpluses will be utilised to reduce the current DSG deficit.
14. After taking account of the previously announced national funding allocations and the projected expenditure plans the estimated deficit on the DSG will reduce from £5.480m at the end of 2021/22 to £3.916m at the end of 2022/23, reduce further to £2.790m at the end of 2023/24 and it is estimated that the DSG deficit will be £1.207m by the end of 2024/25.
15. The Local Authority has a corporate and strategic duty to address the deficit position and pressures on the High Needs budget. Any additional funding is welcome and based on the current estimated expenditure plans this seems to address the significant pressures the service has faced over the last few years although there are still risks across the medium term from increased service requirements.
16. As a reminder any future accumulated overspend on the High Needs budget will be required to be repaid from future High Needs funding allocations.

DELIVERING BETTER VALUE PROGRAMME 2022-23 FOR LOCAL AUTHORITIES.

17. The Department for Education (DfE) acknowledges the pressures which local systems are experiencing delivering special educational needs and disability (SEND) services. It's 'Delivering Better Value in SEND programme' is aiming to support local authorities to improve delivery of SEND services for children and young people while ensuring services are sustainable. This optional programme is currently providing dedicated support and funding to 55 local authorities – chosen based on those with the highest deficits as at 2020-21.
18. As noted at the Schools Forum meeting in June 2022 Stockton Council has been invited to be part of the Delivering Better Value (DBV).
19. Newton Europe, in collaboration with the Chartered Institute of Public Finance and Accountancy (CIPFA), is working with the Department to deliver phase one of the programme. Newton works as a transformation and improvement partner to local authorities and CIPFA is the local government accounting standard setter in the UK. Between them, they have worked with hundreds of public sector organisations to improve service quality and financial performance, particularly local authorities, and have a comprehensive understanding of children's services and the SEND agenda.
20. In addition, the DfE has established a national system steering group, made up from sector leaders across a wide range of systems, including

representation from parent carers. This group will provide sector-led advice, support, and steer to the DfE, Newton, and CIPFA in the delivery of the programme and provide a further route to the wider sector as well as an additional channel of feedback for participating local authorities and the wider sector.

21. Newton and CIPFA have now commenced delivery of Diagnostic support to the first authorities in Tranche 1. The objective of the Diagnostic is, through robust evidence gathering and system engagement, to support authorities to identify the most impactful changes that can be made to improve outcomes for children and young people with SEND. The key improvements required to achieve the better outcomes will be identified and a plan created to set the authority, and local partners, on the journey to deliver the opportunities. A key part of this work will be a clear trajectory showing how a more sustainable financial position can be achieved while meeting the needs of CYP in SEND.

22. Activities involved in the delivery of the Diagnostic will include, but not be limited to:

- Understanding the local context of each authority's services and improvement activity to date. This will enable the process to build upon the work already done.
- Engagement with system partners and stakeholders by working within and building upon existing communication forums and channels – including with parents, education and health partners.
- Training of local authority staff in Newton and CIPFA's methodology to enable partnership working and skills transfer to the authority. This will support the effectiveness of the Diagnostic and subsequent implementation of the findings.
- Data analysis within and across a standard and comprehensive data set from all 55 authorities to understand common themes and trends which will inform best practice.
- Detailed case review workshops to understand any opportunities to improve the timeliness and nature of outcomes achieved for the CYP receiving services.
- Mapping of services across the local area and where possible evidencing the effectiveness of these to support CYP with SEND.
- Creating a suite of tools and best practice to be shared during and after the Diagnostic offer for each authority.
- Assisting Authorities to receive a grant from DfE to support their implementation of the identified opportunities.

23. At the end of the Diagnostic, authorities will receive funding from the DfE (an allocation of approximately £1m). This grant is for time limited investment in one or more projects. The grant application is to be submitted in early 2023.

24. The authority is currently in the process of providing a significant amount of data to CIPFA Business and Advisory Consultancy Services who as

stated above are working in partnership with Newton Europe on the Delivering Better Value (DBV) programme. They will be considering two specific aspects under Module 1 of the programme, Due Diligence, a view of your authority’s past record and future potential for delivering savings and Accounting Practice and an assessment of public information you publish and returns to Government.

HIGH NEEDS - ADDRESSING THE POSITION

25. Due to the ongoing pressures within high needs the authority with the support of the Schools Forum has agreed previous block transfers as detailed below;

2019/20	1.1%	£1.400m
2020/21	0.5%	£0.669m
2021/22	0.5%	£0.698m
2022/23	0.5%	£0.752m

During these years these transfers have still proved insufficient to counter the significant cost pressures being experienced from the key drivers as presented in the table below.

	2018/19	2019/20	2020/21	2021/22
Education, Health and Care Plans	1452	1548	1798	1881
Permanent Exclusions	56	58	33	38
Non Statutory SEN (with top-up)	384	493	428	374

26. A breakdown of the specific pressures over four years that have led to the requirement for a transfer are shown in the table below:-

High Needs Spend					
	Actual				
	2018/19	2019/20	2020/21	2021/22	% change on 2018/19
Top-ups					
Mainstream schools - pre-16	2,992,111	3,255,127	3,737,135	3,647,929	21.9%
Special Academies	3,470,586	3,604,023	3,693,872	4,769,160	37.4%
AP (incl. PRU / Exclusions / Therapies / PDC's)	1,710,834	1,886,302	2,298,352	1,747,011	2.1%
Early Yrs PVI	147,834	254,914	203,279	206,185	39.5%
Post-16	1,776,009	1,843,321	2,183,714	1,961,573	10.4%
	10,097,375	10,843,687	12,116,352	12,331,857	
Place funding					
Place funding	9,228,201	9,112,784	8,750,782	8,840,708	-4.2%
Agency Placements	2,806,287	4,298,657	5,106,361	5,425,872	93.3%
Other out of area placements	1,452,022	1,209,891	1,714,765	1,451,463	0.0%
SEN Support**	1,763,217	1,787,051	1,725,771	2,332,259	32.3%
Support for Inclusion	344,993	344,993	344,993	344,993	0.0%
Recoupment of FE places	828,000	940,000	1,146,000	1,242,000	50.0%
Total HN Expenditure	26,520,094	28,537,064	30,905,024	31,969,152	20.5%
	-	-	-	-	
HN Funding					
HN Funding	24,318,377	24,659,138	27,744,907	31,391,226	
Transfer from Schools Block	617,000	1,400,000	668,684	698,073	
Early Yrs SEN Inclusion Fund	120,000	120,000	120,000	120,000	
Other DSG savings	300,598	510,799	743,686	331,195	
In-Year overspend /(saving)	1,164,120	1,847,126	1,627,747	(571,342)	
	-				
Cumulative Deficit		4,423,846	6,051,593	5,480,251	
		-	-	-	
Notes					
** SEN Support - This includes the costs of non-delegated centrally retained specialist SEN support services for pupils with or without EHC plans (including Early Support Nursery, services for Visual and Hearing Impairment etc.).					

27. To address the situation a number of measures to reduce expenditure are being undertaken including the following;

- a) Enhanced Maintained Schools (EMS) continue to evolve, to support provision for children locally and reduce pressure on more specialist placements. These centres of excellence provide peer outreach to other settings to assist in growing capacity to meet needs when they first present.
- b) A Mapping exercise is underway based on historical SEND data (3 calendar years). This will assist the Local Area to 'predict' a wide range of future needs with the required provision to meet need. Once our methodology becomes embedded in the way we work future training/early identification of gaps in available provision should be able to be developed to fill those gaps. Training and capacity building is already underway and this will be able to be focussed on the areas of greatest need/future predicted cost..
- c) Reduction in Out Of Area/Independent Special School Placements through the development of 'In Borough' provision.
- d) Tees Valley Free School which will reduce the number of children requiring much higher cost independent special school provision (SEMH/ASD) will complete and be operational from Autumn 2023. It is a Sponsored academy secured with River Tees Multi Academy Trust. Stockton LA are heavily involved in the planning and appointment of key staff (Principal has been appointed).

- e) Pathway Development Centre places commissioned to promote opportunities for continued supported mainstream placement after a Permanent Exclusion have been very successful in primary. The LA is currently out to commission additional primary PDC's.
- f) Commissioning of ASD outreach service (NEAS) to enable advice support and guidance to be available as soon as needs are identified.

28. There are a number of measures that are coming on stream or have already come on stream from September looking at exclusions / inclusions including;

- a) Pathway Development Centres for KS3 (which will have a part time school commissioned assessment place offer in the planning) mainstream focus. Whilst some of the primary phase PDC placements have been commissioned in 3 schools there have been no bids for the rest of the KS1/2 places or the KS3 PDC places despite this being out to tender a number of times this academic year. Schools will be invited to work with service leads to redevelop the specification.
- b) Alternative Provision Framework has been developed, bids received and framework drawn up Autumn Term 2020 is now in place and shared with schools to be able to use.
- c) De-delegated behaviour support has had a redesign that has been co-produced with maintained mainstream Headteachers with a menu of services available. This has been very popular with maintained schools and is now available for all schools and settings (SEMH offer).
- d) Expansion of places at our local special academies have been pursued through a variety of solutions. Additional building work to provide more classrooms, satellite hubs in local mainstream schools (this has been successful for Abbey Hill at North Shore for some time, the LA are seeking to replicate this with Ash Trees in the near future).
- e) Kiora Hall school opened from September 2022.

29. In addition to the above the Local Authority is pursuing developments in;

- a) Joint commissioning services to provide the provision outlined in children and young people's EHCPs
- b) Central support services to enable upskilling of staff in schools and settings in the Local Area which ties in with the implementation of Valuing SEND across all aspects of SEN (SEN support and EHCP)
- c) New co-produced EHCP format includes additional fields looking at aspiration and independence. Schools and settings are following a roll out of Person Centred Planning training and development into the new school year.

30. Partnership working between the Local Authority and those placements offering special and alternative provision, parents and neighbouring

authorities are going to be key to successfully achieving objectives set out above.

31. As mentioned above there are a number of key partnerships already in place helping to achieve the objectives including, the successful joint bid with neighbouring authorities for a Tees Valley Special Free School, the expansion of capacity for specialist placements in the borough working with Academies and the independent sector, developing contracting arrangements for new Pathway Development Centres for alternative provision and a partnership bid for an AP Free School.
32. Tribunals are increasing nationally, the numbers of EHCPs are rising nationally, children and young people are keeping EHCPs longer nationally and this is mirrored in Stockton. The Local Authority and the CCG are committed to meeting the needs of children and young people effectively (ref SEND Strategy 2021) to improve outcomes and promote successful lives now and in the future. We are also committed to developing local provision to meet the needs of children and young people 0-25. We will continue to work with partners to ensure joint commissioning strategies are in place to secure the right support at the right time through joint working across the system.
33. On the 13th October an update report on An Investment Strategy for Schools, SEN and Early Years was presented to Cabinet to approve the revised programme. This reports provided details of various capital schemes that are currently being undertaken in relation to SEN. The report is attached at **Appendix 2** for information.

RISK

34. There are a number of key challenges for the Council in meeting its statutory duty to secure, as far as is possible, sufficient provision for children with additional needs:
 - a. Market 'failure' – nationally the residential children's home 'market' is currently under examination by the Markets and Competition Authority based on concerns about the effectiveness of the market. An initial report has been published which identifies significant issues with the operation of the market currently;
 - b. Demand for places currently significantly outstrips supply;
 - c. The market is currently provider led
 - d. The market is increasingly becoming dominated by similar types of provision, driven by financial considerations and the impact of regulation;
 - e. Securing the right provision for the right price
 - f. There are emerging challenges for both public and private sectors around finding sufficiency quality staff to support provision;
 - g. Community opposition to new development.

Extensive market analysis has been undertaken as part of the regional work on placements, demand and costs. A regional sufficiency strategy is being developed to provide the basis for future planning. We have used this work to inform our own sufficiency planning, which is also guided by the recently agreed SEND strategy:

Developing and maintaining a range of local, high quality specialist provision for those who need it

- *This means...we will strive to meet the needs of children and young people with the most complex needs within or close to Stockton-on-Tees. This will reduce the number of children and young people placed in out of Borough provision, away from their family, friends and local community. This will mean the development of local, high quality specialist provision alongside our work to enhance the capacity of mainstream schools and settings.*

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