

TITLE	High Needs Block Update & Recovery Plan
FOR CONSIDERATION BY	Schools Forum on 10 July 2019
WARD	(All Wards);
LEAD OFFICER	Director of Children's Services - Carol Cammiss

OUTCOME / BENEFITS TO THE COMMUNITY

RECOMMENDATION

Schools Forum is asked to:

- note the update on the High Needs Block, and
- comment on the proposed recovery plan submission to the Department for Education.

SUMMARY OF REPORT

This report concerns the requirement from the Department of Education that the local Authority submits to the Department a deficit recovery programme that will address the Council's current over commitment in the High Needs Block budget.

Background

The High Needs Block (HNB) is one of 4 blocks of funding provided to local authorities for the delivery of Education Services by the Department for Education (DfE).

The DfE defines high needs funding in its operational guide as:

The high needs funding system supports provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25, enabling both local authorities and providers to meet their statutory duties under the Children and Families Act 2014.

High needs funding is also intended to support good quality AP [alternative provision] for pre-16 pupils who cannot receive education in schools.

For Wokingham, the High Needs Block represents 13% of total DSG funding available, with costs associated with supporting children and young people with SEND significantly outstripping available resources.

A deficit on the HNB of £527k in 2017/18, had risen to £1.4m by the end of 2018/19, representing a 7.6% overspend against funding for the year of £18.4m

For 2019/20, the HNB budget for Wokingham is £18.86m, with a projected year end deficit of £3.4m (18%).

The financial position for Wokingham reflects a national picture of underfunding for SEND, against an ever increasing number and complexity of children and young people requiring support.

The DfE has requested all local authorities with a cumulative year end DSG deficit of over 1% to submit a recovery plan for their consideration. For Wokingham, the 2018/19 year end position was a deficit of 1.14%.

This report sets out further detail on the challenges faced locally, and the actions being taken to address the financial pressures where possible. This will form the basis of the recovery plan to be submitted to the DfE, and Schools Forum are asked to comment on the draft.

Analysis of Issues

Number and complexity of children & young people with SEND

There are 934 Wokingham Borough children and young people currently holding Education Health & Care Plans (EHCPs).

The overall number of children and young people with an EHCP (and the predecessor “statement of special education needs”) has grown from 730 in 2015, largely as a result of the age range extension to those aged up to 25.

The overall number of children living in the local area primarily determines the number of children with SEND. However the type of need held by individual children also impacts the profile of suitable provision required.

The most significant needs of children resident in Wokingham Borough are as below, with all groups showing significant growth since 2015:

- Autism Spectrum Disorder (ASD) (39%),
- Social Emotional and Mental Health (SEMH) (18%), and
- Learning Disabilities (LD) (24%).

Although the number of children of statutory school age with EHCPs has remained fairly static, the profile of the children in this age range has seen a 5% per annum increase in special school places, against a reduction in those within mainstream schools (when taken as a % of the 0 to 25 population). A similar trend has been seen in those young people aged 16+.

During 2018, 339 children and young people attended special schools and colleges, representing 0.66% of the 0 to 25 population. By 2023, at the current rate of change this would increase to 0.86% of the 0 to 25 population, resulting in requirement of an additional 125 places.

Given that over 70 children and young people are already placed out of borough / independent special schools at significant additional cost, this increase in demand provides a real ongoing challenge.

Financial sustainability of existing provision

The High Needs Block funds children and young people in a variety of settings, depending on level of need or specialist support required. While elements of funding are set through national formula, such as £10k place funding for special schools, other elements are subject to local arrangements.

Within Wokingham, the pressure on the HNB is such that top-up rates for settings have been largely static for a number of years. Schools have worked hard to contain costs within existing resources but pressures are now such that the financial sustainability of some of the local SEND provision is under threat.

Increasing complexity of children and young people's needs, alongside increasing costs associated with staff pensions and wage levels, has led to a review of top-up levels and the underpinning model. WBC continues to work with schools to establish a sustainable funding model, but this provides further increasing pressure on already overcommitted HNB funds.

Commissioning of wider system support

Financial sustainability is also an issue for wider commissioned arrangements, as resources have not allowed for incremental growth. For example, the Council currently commissions Childrens & Young People's Integrated Therapy (CYPIT) through Berkshire Healthcare NHS Foundation Trust (BHFT). No uplift has been applied to the

contract in recent years, and BHFT have indicated that the current level of service is no longer sustainable at current funding levels.

Working with WBC, BHFT have identified 2 options for aligning the service to existing funding levels, with WBC now seeking to understand the potential impact of the 2 models on schools.

The CYPIT contract has been funded by Council general funds until the 2018/19 financial year, but it is proposed that this will be charged against the HNB from the current financial year, as the most appropriate source of funding.

In reviewing the appropriateness of funding sources, the current HNB contribution of £230k to Home to School Transport is proposed to be removed, in part offsetting the CYPIT change.

Recovery Plan

In responding to the issues above, the Council is taking forward plans to create additional local capacity for children and young people with SEND, while reviewing the profile of existing capacity to ensure the overall offer best fits the requirements of the local demographic.

All plans and actions are governed through the SEND workstream of the Children's Services Improvement Programme to ensure service strategies and plans are aligned with resource considerations.

Plans & Actions

A range of actions are now in-hand to increase the capacity and improve the quality of current provision including:

- Addington School's capacity is in the process of being expanded so as to provide an additional 50 special school places. The school is currently judged by Ofsted as outstanding.
- The development of a Government funded new 'free' school, in partnership with Reading and West Berkshire Councils is planned to come into effect in 2021/22. This additional capacity will provide an additional 50+ places by 2026 for Wokingham and will reduce the need to place children and young people out of area in expensive agency placements.
- The current arrangements with local schools to operate as resource bases for SEND pupils are currently being renegotiated. Whilst much of the provision is of high quality, current arrangements need to be reviewed so as to be more cost realistic and better match to local needs. This will ensure that more children and young people can be supported in this way where appropriate.
- Current provision within the SEN team is to be expanded to ensure a more responsive appropriate service is in place.

- Northern House School, a local Academy, is in the process of being re-brokered by the Regional Schools Commissioner as the current Trust can no longer continue to operate. The Academy currently provides education for children with Emotional Social and Mental Health challenges. The Local Authority, as part of the re-brokering process, will wish to ensure that placements under the new Trust arrangements better meet the needs of our local children and young people.
- In addition, training and support will be provided to mainstream schools to ensure they can meet their obligations under the Children & Families Act 2014 and SEND code of practice.

Funding flexibility between blocks

During 2018/19 budget setting the Council proposed a 0.5% movement from the Schools Block to the High Needs Block in recognition of the financial pressure.

Consultation with all schools was broadly supportive of the move, but was based on a limited response rate. Schools Forum did not support the proposed move, and the subsequent disapplication was rejected by the Secretary of State.

At a time when schools themselves are feeling greater pressure on their own budgets, there was no support from Schools Forum to consider an application for 2019/20 or future financial years.

Future financial outlook

A multi-year model for the High Needs Block has sought to understand the financial impact of both the rising demand and the improvement plans in place by the Council.

While the Council continues to drive forward plans to provide the most cost effective placements for children and young people with SEND, the recovery plan shows that while these actions prevent greater increases in HNB spend, the scale of the pressure is such that no overall net reduction is achievable.

Despite the significant investment in additional capacity and a review of all local provision and commissioning arrangements, a cumulative deficit of £11m is expected by 2021/22, with the longer term outlook continuing to provide significant financial challenge.

In the 'Guidance for local authorities' published by the DfE, it is clear that 'as funding is ring-fenced there is no requirement for local authorities to top-up the grant from general funding or from non-ring-fenced revenue reserves'. And goes on to state 'since ring-fenced reserves are not taken into account in assessing local authorities' ability to set a lawful balanced budget, DSG deficits will not need to be covered for that purpose by an equivalent amount in local authorities' general reserves'.

Without significant additional investment from Central Government to address the inadequacy of current funding arrangements nationally, the future of SEND provision is under threat.

Conclusion & recommendations

This report highlights the very significant challenges faced by all those involved in the provision of High Need Block services. The current deficit has the potential to very seriously impact the financial position of both the Local Authority, local Health provision and services within schools. Most importantly however, the current position is undoubtedly having a deleterious effect on the education of local children.

The plans for the future will place services in a much better position but will not resolve what are serious challenges for all those involved with children who have additional needs.

The Council's draft recovery plan submission is shown in appendix A, and Schools Forum are asked to comment on the content.

Background Papers



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Provision for
Special Education N

Draft DfE template as appendix...