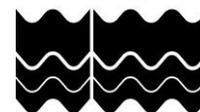


Agenda Item 4



Report to: Schools Forum

Date: 6 July 2018

Title of report: Update on High Needs Block Expenditure 2017/18 and projected spend for 2018/19

By: Nathan Caine – Head of ISEND

Purpose of report: To advise Schools Forum of the expenditure on the High Needs Block over the 2017/18 financial year and projections for costs over 2018/19.

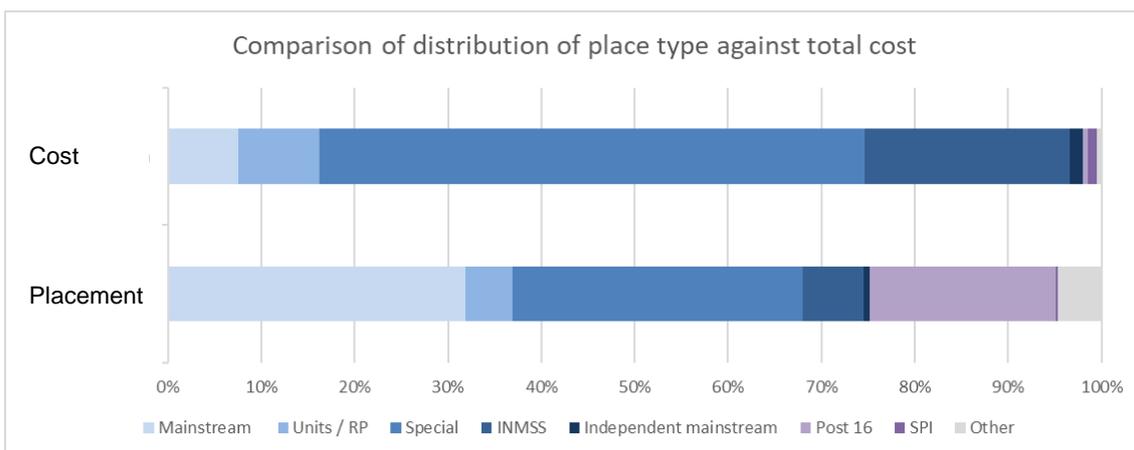
1. Background

- 1.1 In April 2017, an interblock transfer of £4.3m was agreed by Schools Forum to address the pressure in the High Needs block to fund SEN placements. These pressures arose from a significant increase in demand for higher cost placements due to:
- A significant increase in requests for statutory assessments from mainstream schools.
 - An increase in requests for statutory assessments from parents of pupils in some mainstream schools not having confidence in mainstream provision. The reasons cited are largely the unpreparedness of schools to make reasonable adjustments and withdrawal of support leading to pupil underperformance
 - A reduction in the proportion of children with an EHCP placed in a mainstream school.
 - No places available in our maintained special schools therefore the demand for a special school can only be met in the independent sector.
 - Demand from mainstream schools for increases in the band funding for children with EHCPs.
 - A significant increase in requests for maintaining EHCP's from mainstream and special schools and FE providers for new and on-going placements with Post 16 providers.
 - An increase in requests from special schools, and parents of children in special schools, for ongoing placements post-19 within high-cost independent schools;
- 1.2 Since April 2017, dedicated work has been undertaken across the board to address the rise in demand in this area. Thanks to an increased focus on an improvement in practice across schools and the Local Authority, East Sussex has seen a 2-year reduction in the number of new EHCPs issued (just one of 5 LAs nationally to achieve this) and an increase in the number of children with SEND supported without an EHCP in mainstream schools. In addition to this, we have managed to achieve:
- A reduction in the costs of placements in most FE providers.
 - An increase in the number of available placements in local Special Schools.
 - An increase in the occupancy in Specialist Facilities in Mainstream Schools.
 - A reduction in the number of placements in Independent and Non Maintained Special (INMS) schools.
- 1.3 As a result of the above, the current projected spend for 2018/19 is within the agreed budget and no additional resource is anticipated at this stage. However, this is predicated on us continuing the trajectory of reducing demand and shifting the balance of placements from higher cost to lower cost, with a greater proportion of children with SEN remaining in mainstream schools. This indicates that the actions undertaken by schools and ISEND to manage demand and cost pressures are having an impact but that we must continue to implement these strategies rigorously while at the same time identifying additional actions that will add momentum to this direction of travel.

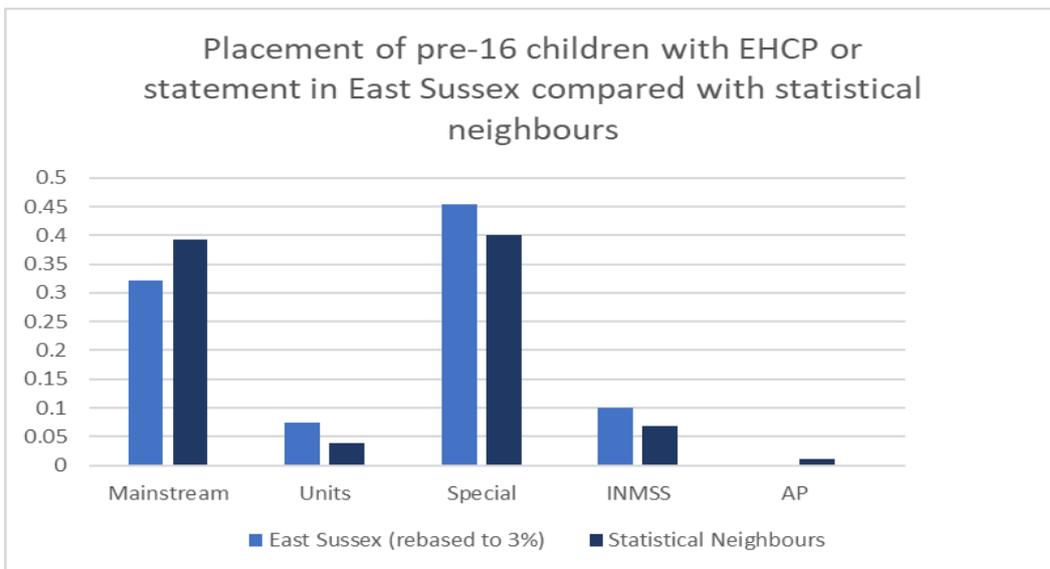
- 1.4 This is set against a rising trend in the total number of EHCPs, due to plans not ceasing when children move to post-16. This means additional actions must be undertaken by schools, colleges and ISEND over the next academic year to address rising costs for this group of young people.

2 High Needs Expenditure 2017/18

- 2.1 The total expenditure across the main headings in the HNB is outlined in Appendix 1. The biggest single-spend areas continued to be in high needs top-up in mainstream schools, place funding and top-up in special schools and placements in the INMS sector.
- 2.2 A report undertaken by ISOS Partnership for the Local Authority has identified that the spend on children with SEND in East Sussex was higher in 2017/18 per head of population than our statistical neighbours (£318 compared with £302). This combined with the fact that the number of children with EHCPs in East Sussex remains higher than national and statistical neighbour averages means that the starting point for HNB expenditure is inflated.
- 2.3 The report also highlighted that there is a significant disparity in the share of costs across different types of provision. Whereas proportionately fewer children are placed in special and INMS schools than in mainstream, the costs of this type of provision is significantly higher than that in mainstream schools. The spread of costs and % of children in each type of placement is shown in the chart below.



- 2.4 In terms of the distribution of placements for children with EHCPs, the chart below shows that East Sussex has less children in mainstream than our statistical neighbours and more in facilities, special and INMS. This skewing of placements towards the specialist sector has a direct impact on the overall expenditure due to the average costs of these placements being higher.



- 2.5 As identified at Schools' Forums and headteacher and SENCo meetings, a significant draw on our HNB resources comes from the independent and non-maintained sector. Despite expectations to the contrary, the INMS sector do not cater for just those children with the highest needs; indeed, a number of placements are for children who have thrived previously in local mainstream schools. This means that the cost differential for this sector is very large.
- 2.6 In 2016/17 there were 274 East Sussex children attending INMS for the full year; in 2017/18, we had reduced this to 259. Despite our successes in keeping more children in high-quality, local provision, the average cost of an INMS placement rose, last year, to £32k.
- 2.7 At year end the expenditure on the HNB was within budget.

3 High Needs Projections for 2018/19

- 3.1 The revised funding formula for the High Needs Block has recognised that SEN funding in East Sussex was historically underfunded and identified a notional 3% uplift in the total allocation. However, due to the protection of the HNBs across all Local Authorities, the rise in East Sussex was capped at 0.5% in 2018/19. This small uplift, in conjunction the ongoing work to reduce demand, means that, at this point in the year, we are projecting spend to come within budget for this financial year. This is, of course, predicated on an assumption that we will continue to reduce the number of new EHCPs, the number of new INMS placements, reduce upward demand on specialist placements from mainstream schools and move more young people at the point of transition down the continuum of provision.
- 3.2 By means of comparison, we are aware that neighbouring local authorities are experiencing considerable pressure on their HNB this year and are projecting overspends for 2018/19. The level of these overspends range from £0.2m to £30m (the top end being almost 25% of the LA's High Needs budget). For some LAs this overspend is on top of transferring funds for 2018/19 from Schools to HNB.
- 3.3 To enhance the offer of SEN provision across the county, we will be opening three new specialist facilities over terms 1 to 4 next academic year. These will have an annual cost of £500k (when at full capacity), but will help to keep more children in local provision and reduce placements in special and INMS schools. We have identified sufficient funds within the HNB to support these but it is important that we continue to manage down higher cost

provision so that we can fund these and the new Free School places within budget from 2019 onwards.

4 Conclusion

- 4.1 The pressures on the High Needs Block budget continue to be significant and the challenges seen in East Sussex have been replicated nationally¹. We have recently expressed our concerns around the lack of adequate funding for SEN placements at a national level through the recent call for evidence to the Education Select Committee which will be looking at SEND as part of its next round of meetings.
- 4.2 Although the picture for 18/19 appears, at this stage, to be relatively secure in East Sussex, this will rely on a continued effort of all stakeholders to continue to address the rising tide in demand. Whereas most schools have worked hard with the Local Authority to support the policy of keeping children in local schools wherever possible, there are examples where our collective efforts to do this have been undermined by, for example, mainstream schools being unwilling to support the LA at tribunals and, therefore, forcing the LA to concede and place children in INMS. Where this happens at secondary transfer, this will cost the HNB a minimum of £200k over the school career of that child and ties up funding that could be used to support local schools for five to eight years. A relatively small number of such cases will quickly undermine the relative stability of our budget position. To continue to manage pressures this year and ensure that we move in to 19/20 with some certainty around meeting demand within the HNB funding element, there are some fundamental priorities that we will need to continue to focus on. Primarily these are:
- a) Continue to reduce the number of new EHCPs by broadening the mainstream offer and ensuring that parents have confidence in what can be provided in local schools.
 - b) Further increase the number of children identified early as having SEND and ensure that they have a good Additional Needs Plan in Place to enable them to make progress in the mainstream system.
 - c) Increase the number of children with EHCPs placed in mainstream schools.
 - d) Continue to robustly defend mainstream and local special placements at tribunal, with representation from the LA and local schools.
 - e) Look for opportunities to cease more EHCPs where barriers to education have been overcome, and particularly where children are moving into FE.

Nathan Caine
Head of ISEND

¹ Reflected in NAHT Analysis of High Needs Funding 2018

Appendix 1

HIGH NEEDS BLOCK 2018/2019	£	£
Block total	50,571,100	
Adjusted High Needs Block Total	50,571,100	
Place funding		
Special Academy place funding - Pre 16	7,240,000	
Academy Special Facilities place funding - Pre 16	679,800	
Special Schools / Facilities	1,950,800	
Post 16 place funding	860,000	
Post 16 FE Places	984,000	
Alternative Provision	1,400,000	13,114,600
Other High Needs Budgets		
Service Level Agreements	1,243,500	
Top up funding Pre 16	14,772,500	
Top up funding Post 16	1,789,700	
Fees for pupils at independent schools	12,419,700	
Education out of School	1,403,600	
SEN support	5,304,500	
Support for inclusion	416,800	
Servicing Schools Forum	22,200	37,372,500
Spending for Special Schools/Academies		
Ethnic minority and bi-lingual	8,500	
Special Schools contingency	33,600	
Insurance	31,100	
Free School Meals Eligibility	10,800	84,000
Total		50,571,100

HIGH NEEDS BLOCK 2017/2018	£	£
Block total	46,208,000	
Inter Block Transfer	4,300,000	
Adjusted High Needs Block Total		50,508,000
Place funding		
Special Academy place funding - Pre 16	7,215,000	
Academy Special Facilities place funding - Pre 16	981,700	
Special Schools / Facilities	1,900,000	
Post 16 place funding	900,000	
Post 16 FE Places	984,000	
Alternative Provision	1,400,000	13,380,700
Other High Needs Budgets		
Service Level Agreements	1,506,400	
Top up funding Pre 16	14,610,700	
Top up funding Post 16	3,191,400	
Fees for pupils at independent schools	11,018,000	
Education out of School	1,270,900	
SEN support	4,743,200	
Support for inclusion	680,500	
Servicing Schools Forum	22,200	37,043,300
Sending for Special Schools/Academies		
Ethnic minority and bi-lingual	8,500	
Special Schools contingency	33,600	
Insurance	31,100	
Free School Meals Eligibility	10,800	84,000
Total		50,508,000