

Schools' Forum – 18th October 2018

High Needs Block Recovery – 2018 - 2020 Report

Recommendations:

1. That Schools' Forum notes the changes being made to expenditure from the High Needs Block in order to recover the overspend in the years 2018/19 and 2019/20.

PART A

Reasons for recommendations:

2. At Schools' Forum on 3rd July 2018 a paper was presented indicating options for the recovery of the High Needs Block overspend. The outturn for 2017-18 reported at the same meeting was a £4.049m overspend. At the time of the report the overspend was forecasted to be between £5m and £7m. This would mean that there would be insufficient money in DSG balances to cover an overspend.
3. The current financial position is :

	Latest Forecast (£m)	Forecast including Recovery Plan (£m)	Forecast including recovery plan & 0.5% switch (£m)
Opening DSG Balances	5.05	5.05	5.05
2018/19 Forecast overspend	-7.7	-6.9	-6.9
2018/19 Closing DSG Balances	-2.65	-1.85	-1.85
2019/20 Forecast overspend	-6.5	-2.4	-0.0
2019/20 Closing DSG balances	-9.15	-4.25	-1.85

4. As previously notified, meetings took place with the High Needs recovery Task Force, the High Needs Recovery Group, SEND Transformation Group, Locality Based Working Task And Finish Group and other groups. The options presented in the July paper were based on the fact that the overspend should be a priority for recovery. However, at the time of the July paper there were considerations around commissioned expenditure that could not be revealed because of commercial sensitivity. They are now included in this paper.

5. This report placed that work in the context of the wider programme of transformation of SEND provision in Staffordshire. It relates to the progress being made in exploring ways of working that can best meet the needs of children in the right place at the right time through the locality based working seen in the Transformation Prototypes. .

PART B

Background

6. The financial risk was previously notified to Schools Forum when the 2016/17 outturn was £2.5m over budget before planned use of reserves. The increase in demand on the High Needs Block has mainly arisen from a significant increase in a range of areas. These include:
 - additional needs requests
 - increase in pupil numbers requiring EHCP, ,
 - extension of age group to 25 for those with EHCPs,
 - Increase in out of county placements and costs,
 - Increase in Matrix funding for special schools awarded at the highest band;
 - Increased numbers of exclusions from mainstream schools,
 - The funding of increased numbers of pupils out of education.
7. The allocations within the National Funding Formula (NFF) have identified that there is an additional £2m added into the High Needs Block in 2018/19, rising to an additional £3.8m added in for 2019/20. These figures include the additional allocation to Staffordshire, as a net importer of SEND pupils in special schools (currently 172). They are already accommodated in the budget for 2018-19 and 2019-20.,
8. The current forecast overspend of £7.7m, means that despite the proposals in this report the DSG balances will be brought into deficit. The current financial pressures within the County Council mean that there will not be funding available from the local authority once current balances are exhausted. This is a situation that a majority of local authorities in the country are facing and there is national pressure on the government to review the allocation of High Needs funding.
9. The local authority has a strategic vision of increasing the opportunities for districts to have greater management of funding through locality arrangements in order to provide early intervention for need, as well as a consequent reduction in administrative costs, over time, to both schools and the Local Authority. These include options to develop Resource Centres and Contact Bases in mainstream schools. A number of these options are being considered and developed, through the SEND Transformation Programme, in order to prevent later higher cost needs and pupils being referred into statutory processes.

High Needs Block Recovery

10. In order to achieve the recovery of the High Needs Block overspend a number of options are brought forward here for Schools' Forum information. In previous years funding has been allocated from the DSG balances to support the High Needs Block commitments.
11. In order to make the recovery we have examined a number of proposals. A key component of the decisions has been to avoid any direct impact on pupils receiving support.
12. A significant number of the expenditure commitments are not statutory requirements and we have included these in the recovery plan.

Information to Schools' Forum for recovery of High Needs Block

	Estimated Saving
From September 2018 to end AEN funding for new non EHCP pupil referrals	2018-19 - £23,000 2019-20 - £50,000 2010-21 - £50,000
AEN Funding.	
From September 2018 to reduce AEN allocation for new EHCP pupils by a reduction in hours allocated, term time only appointments or alternative inputs for pupils.	2018-19 – £273,000 2019-20 - £410,000 2020 -21 - £800,000
	2018-19 - £296,000 2019-20 - £460,000 2020-21 - £850,000

Note:

The removal of funding for non-EHCP pupils will be compensated by the locality funding through the Transformation Project where early intervention and support will be managed by locality panels.

Entrust de-commissioning – already agreed	
Proposal	Saving
Decommissioning of SEND Learning Support	2018-19 - £512,000 2019-20 - £879,000
	2018-19 - £512,000 2019-20 - £879,000

Note:

This de-commissioning has now been agreed as from September 2018.

Virtual School	
Proposal	Saving
The Headteacher of the Virtual School to be paid from Staffordshire Central Budget. The remainder of the team to be funded from HNB with the potential for a further 10% reduction in team size to match the MTFS savings process.	2019-20- £75,000 Potential for further 10% equates to £40,000
	2019-20 - £115,000

Specialist Support Service	
Proposal	Saving
To remove Autism Support Service from the High Needs Block	2019-20 - £1,000,000
	2019-20 - £1,000,000

Note:

Work is underway to examine how this service can be funded separately from the High Needs Block through a traded element. This does not include the Autism Resource Centres or work that is identified through an EHCP

Early Years' SENCOs	
Proposal	Saving
a. To de-commission the service	2019-20–approx £1,155,000
	2019-20 - £1,155,000

Note:

We are examining how funding can be allocated via the locality based system so that there is still some provision for early years, although not via a SENCO.

Physical Difficulties Advice & Guidance	
Proposal	Saving
To de-commission the service from Entrust	2019-20approx £20,842
	2019-20 – 20,842

Note:

We will look to commission a service from a special school as this service is mainly signposting to providers and resources.

Dyslexia Outreach	
Proposal	Saving
To de-commission the service from Entrust	2019-20–approx £354,145
	2019-20 - £354,145

Note:

The demands for this to be met through the locality early intervention.

Special Educational Needs Advisory	
Proposal	Saving
To de-commission the service from Entrust	2019-20–approx £78,604
	2019-20 - £78,604

Note:

This is a service that provided information to the LA about performance and monitoring of special schools and attendance at Ofsted feedback. We will examine a different format for this.

Bespoke days	
Proposal	Saving
To de-commission the service from Entrust	2019-20—approx £53,735
	2019-20 - £53,735

Note:

This service is an agreed number of days that can be used by the LA and will no longer be utilised.

Total savings in 2018 -19 equates to approx. £808,000.

Total savings in 2019 -20 equates to approx. £4,116,326

Total Savings £4,924,326

It should be noted that the savings detailed in this report are gross. Mention has been made within the report that some of the savings identified will be used to recommission the services required and also reinvest in alternative provision identified through the Transformation programme. This in turn, should impact as a consequence of different ways of working, on the financial pressures without affecting outcomes.

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