

**REPORT OF THE COUNTY TREASURER AND CHIEF OFFICER FOR CHILDREN’S SERVICES**

Recommendations

It is recommended that DEF:

- a) That schools forum vote option 2 to transfer 0.5% on the basis that it is an inevitability that planned action will be required to manage the continued demand on the High Needs Block.  
**All to vote**

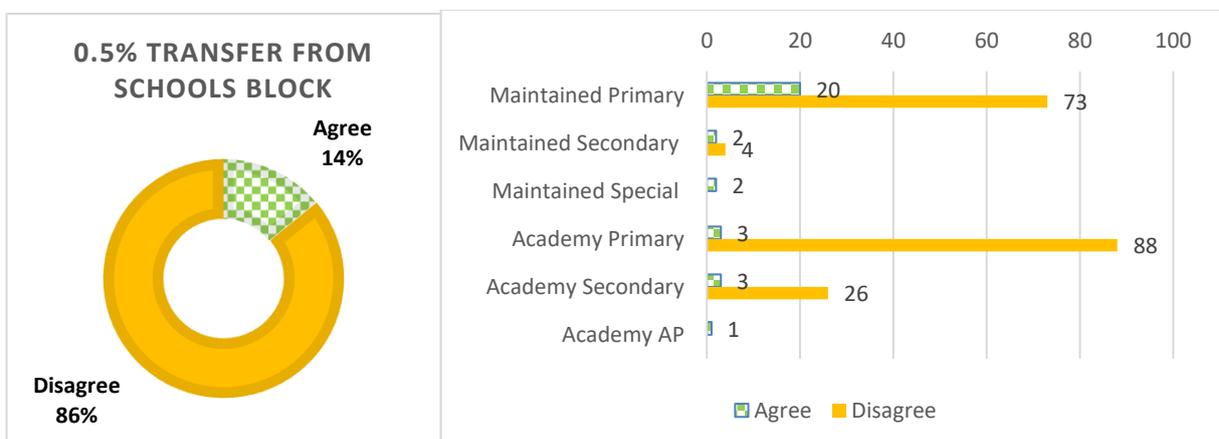
**Dedicated Schools Grant 2020/21: 0.5% Transfer of Schools Block to High Needs**

**1. Introduction**

- 1.1. Devon continues to see the demand on the High Needs Block rise as the number of Education Health Care Plans (EHCP) increase and the complexity of need of the children increases. The funding shortfall for 2020/21 at the time of completing the budget process is £23.8 millions in the DSG and relates in the main to the High Needs Block.
- 1.2. On the 20 November 2019 the Devon Education Forum (DEF) discussed the outcomes of the DSG Schools Funding consultation for 2020/21. In particular the views that had been sought by schools on the one-year transfer of 0.5% or £2 millions from schools block to high needs block.
- 1.3. In light of this lengthy discussion and as a result of suggestions put forward by SFG members on the 6 November 2019 around potential ways that the schools could accept a 0.5% transfer from schools to high needs. It was agreed by the forum that a further consultation would be held to ask outright for the additional funding of 0.5%. It was clear by the Forum that this was to be used to pump prime or fund alternative solutions rather than to reduce the overall deficit of the DSG.

**2. 0.5% Transfer of schools Block to High Needs**

- 2.1. A follow up consultation was sent out to schools which ran from 6 – 19 January 2020 to seek schools views on the transfer. At this time supporting documentation was sent alongside the question to provide clarity on where the authority currently were with the funding and also how the adjustment would affect each school. These documents are included in Appendix A.



- 2.2. In all, 221 schools have responded to the consultation, 60% of all schools compared to 105 schools, 29% in the earlier full consultation.
- 2.3. The table above shows that 191 schools (86%) disagreed to the transfer of 0.5% to the High Needs block. This was broken down as 161 (88%) primary schools and 30 (86%) secondary schools.
- 2.4. It is clear from the written responses (Appendix B) that many of the schools had not understood the overall question that was being posed or had not fully appreciated the initial information provided the supporting documentation.
- 2.5. Some responses have stated that they are seeing funding reductions from the transfer when in fact the reductions are as a result of a school's falling roll for the coming year. This will occur regardless of the decision to transfer.
- 2.6. As mentioned, the suggestions were put forward by SFG and the paper set out the general principle to enable the shaping future plans in line with the funding available as well as the needs of the education community.
- 2.7. One model already discussed is to train and leave schools secure to deliver specific provision, re-integrating children into classroom to maintain a mainstream placement. This would see SEN staff offering support to ensure provision being specified in EHCPs can be delivered in schools, for example Play therapy, Mental Health support, Mentoring or Counselling. This could see Plus Package funding in addition to the support along with access to advice during the placement.
- 2.8. In addition to the above suggestion additional places have be planned within the current maintained and academy special schools, plus the request for a new academy special school through the Free School Programme. This has been well documented in recent months and included in section 7 of Appendix A.

### **3. Option 1: Not agree the transfer**

- 3.1. The underlying issues for the High Needs Block are not going away at present and the impact to not agree the transfer means that this delays the process. This will result in waiting for such plans to be included within the recovery plan after March 2020.
- 3.2. The risk is that the scale of shortfall becomes ever bigger as actions cannot be put in place sooner.

### **4. Option 2: Agree the transfer**

- 4.1. Agreeing the transfer enables the authority to fully cost plans to bring online potential support to be agreed through a working group that can benefit children across the county. This will potentially reduce the demand on high cost places going forward and reduce funding demands.
- 4.2. The risk is that provisions do not fully engage and adding to funding pressures.

### **5. Recommendation:**

That schools forum vote for option 2 to transfer 0.5% on the basis that it is an inevitability that planned action will be required to manage the continued demand on the High Needs Block.

**All to vote**

**MARY DAVIS**  
County Treasurer

**JO OLSSON**  
Chief Officer for Children's Services

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## Evidence to support the proposal to transfer funding to the High Needs Block

Response to this question is required by 11:45pm Sunday 19<sup>th</sup> January 2020

### 1. Question to schools on transferring 0.5% to the High Needs Block

Following a discussion at Devon Education Forum (20<sup>th</sup> November 2019) relating to the views given by schools, as part of the consultation process, on transferring funding from Schools to High Needs we have been asked to share the following proposal with schools and seek your support.

Devon requests school approval to transfer 0.5% of the Schools block to High Needs to be used to pump prime additional outreach support for Primary and Secondary schools so that they can accommodate the needs of individuals who have specific provisions identified within their mainstream Education Health Care Plan (EHCP). This proposal is to facilitate this through central support teams or where possible funding to the school to buy in the support needed. **This transfer would not be used to offset the current deficit position.**

### 2. Improving parental confidence

To bring about a sustainable reduction in demand for specialist provision we need to build parental confidence in delivering the support specified in the EHCP. Schools have reported to us the one of the barriers to doing this is the difficulty they have in providing some of the more specialist elements (e.g. play therapy) within current staff capacity. Devon's low level funding of per pupil funding exacerbates this point but even when the High Needs Block (HNB) funds this support schools are not able to recruit for the small number of hours needed. The proposal therefore for how the 0.5% transferred funding would be spent would be to pump prime a central resource that could provide this outreach work and support schools to meet the EHCP requirements. This in turn would build parental confidence that the child's needs were being met.

Improving parental confidence in SEN systems, processes and in the ability of mainstream schools to support individuals is essential to managing demand.

### 3. How would schools be affected?

Of Devon's 352 schools 89 would see no change in their funding from increasing the Basic Entitlement (AWPU) as per proposal 5 of the recent consultation nor by agreeing to the transfer of 0.5% to the High Needs Block.

For 59 of these schools this is due to the implementation of the Minimum Per Pupil Funding (MPPF) where the funding is brought up to £3,750 per primary pupil or £5,000 per secondary pupil. For the remaining 30 schools it is due to Minimum Funding Guarantee (MFG) protection.

The [attached comparator](#) shows the 3 funding scenarios:

- a) the move to full implementation of the National funding Formula
- b) increase to the Basic Entitlement (AWPU) across all phases
- c) reduction to the Basic Entitlement (AWPU) to enable 0.5% transfer to HNB.

#### 4. Movements between the blocks

In 2019-20, the High Needs budget for putting in place educational provision is just over £70m. We are currently forecasting an overspend on this budget of approximately £21.5m. Further detail is provided in tables 2 and 3 at the end of this report.

It is clear from these tables that the number of individuals who require support with their Special Educational Need or Disability is rising exponentially and HNB funding, provided by the Government (which is based on historic spend and deprivation factors) is not keeping pace with demand. In common with many other local authorities, Devon has sought to address the sufficiency of the High Needs funding by seeking transfers from the Schools Block into the High Needs Block. In the last two years the requests for the one-off transfers have been declined.

Having the facility to transfer funding from the Schools Block on a one-year only basis, in the context of rising demand year after year, isn't particularly helpful. It means that the gap between expenditure and recurring funding is becoming wider each year. This however, is the only tool local authorities have available to increase the funding within the High Needs block and one that we are obliged to consider each year.

#### 5. What pressures have the movements funded?

The DSG transfer in (2016-17) and funding from the local authority (in 2018-19) have been used to support the overall High Needs budget rather than any specific pressure. Tables 2 and 3 at the end of this document evidence the overall High Needs budget pressure, and they show that the growth in those individuals with the most profound and complex needs who typically attend specialist settings (special schools, both maintained and independent) accounts for the greatest proportion of the budget pressure.

#### 6. Why is the budget not adequate to cover the cost pressures?

The cost pressures arising from the growth in those individuals with the most complex needs have far exceeded the additional funding provided by Government, as illustrated in table 1 below.

**Table 1 showing additional funding and key cost pressures**

	2018-19 £m	2019-20 Projected £m
<b>Additional Funding</b>		
- Transfer from Schools Block (one-off)	£0.0m	£0.0m
- Additional grant funding from Government	£1.5m	£1.5m
<b>Sub Total - Additional Funding</b>	<b>£1.5m</b>	<b>£1.5m</b>
<b>Cost pressures (baseline 2017-18 value)</b>		
Special Schools – Devon	£4.5m	£6.3m
Mainstream SEN	£0.0m	£2.5m
Alternative Provision	£0.0m	£0.6m
Independent Special Schools	£1.1m	£12.1m
<b>Sub Total – Cost Pressures</b>	<b>£5.6m</b>	<b>£21.5m</b>
<b>In Year surplus or (deficit) balance</b>	<b>(£4.1m)</b>	<b>(£20.0m)</b>
<b>Funding from Local Authority</b>	<b>£2.8m</b>	<b>£0.0m</b>

There are several factors that are putting pressure on the High Needs budget. There continues to be a significant increase in the number of individuals newly issued with an Education, Health and Care Plan (EHCP) as shown in the table below.

	Jan 15	Jan16	Jan17	Jan18	Jan 19	Nov 19
Pupils with a statement / EHCP	3,572	3,510	3,718	4,093	5,162	6,328

This is not unique to Devon; the nationally available data suggests that this issue is being experienced in many other local authorities to varying extents.

- The DSG covers the age range in the code of practice (0-25). However, the extension of pupils' statutory SEND from 0 to 25 year of age, where it was previously 5 to 18, has not been fully funded by the Government and it is contributing towards our High Needs budget pressure.
- A greater proportion of those with EHCPs are being educated in the independent special schools rather than mainstream or special schools due to the availability of spaces as well as severity of their needs. In addition, the availability of special school places within our neighbouring LAs of Plymouth and Torbay have reduced as their demand has also increased.
- Between 2014 and 2019 there was an increase of 81% individuals with EHCPs in Devon, compared to a national increase over the same period of 45%. Some of this difference will be explained by the faster growth rate of Devon's pupil population to the rest of the Country.
- The percentage of individuals with an EHCP where the child attends school (from the total population) remains higher than the national average. Currently 3.5%, compared to 3.1% nationally. This is putting pressure on all types of school.
- Increased demand on special school placements due to parental preference.
- There has been a 35% increase between 2018-19 and 2019-20 (forecast) in the number of individuals with an EHCP attending Non-Maintained Special Schools (NMSS) or Independent Schools. These additional individuals account for £7.2m of the current expenditure forecast within the High Needs budget, at an average annual cost per placement of £50,000
- Devon has higher than average number of individuals with EHCPs who have a primary need of SEMH – 23.8% compared to national 13.3% This is clearly impacting on the use of the Independent sector placements, where SEMH needs account for 41% of the placements; 252 placements costing £13.5m
- Whilst the percentage of cases going to tribunal in Devon is currently lower (1%) than the national average (1.6%) the actual number has increased. These cases are predominately found in favour of the parental preference for a school and the majority for an independent setting.

## 7. Managing the High Needs budget.

We understand that transferring additional funding into the High Needs budget is not the only solution to this national issue. This has been recognised by Government who, alongside the additional national investment of £780m have launched a major review into support for individuals with SEN. This review aims to improve the services available to families who need support, equip staff in schools and colleges to respond effectively to their needs, as well as ensuring greater consistency of support and provision across the country.

The Government have said that the review will look at how the SEND system has evolved since 2014, how it can be made to work best for all families and ensure quality of provision is the same across the country. It will also explore the role of health care in SEND in collaboration with the Department of Health and Social Care; How we strike the right balance of state-funded provisions across inclusive mainstream and specialist places; Understanding what is causing the demand for

education, health and care plans; and ensuring that public money is spent in an efficient, effective and sustainable manner, placing a premium on securing high quality outcomes for those individuals who need additional support.

The review is expected to conclude with action to boost outcomes and improve value for money, so that vulnerable children have the same opportunities to succeed, as well as improving capacity and support for families across England.

Our SEND strategy and our response to the WSoA focusses in supporting pupils needs in a time and effective so they are able to engage in mainstream settings with confidence. This in turn will help reduce pressure on the High Needs budget whilst meeting childrens needs. However, these local initiatives will not be able to solve the funding challenge without reform to the national system and we have been clear about this in our previous consultations on this subject and in our response to the Government's SEND Call for Evidence.

Action we have taken locally includes

- Commissioned 149 additional places in Devon Maintained Special Schools since September 2018.
- Funded a new academy special school in Tiverton which opened in September 2019 with 35 places expanding to 60 places from September 2020.
- Opening a further new special school in September 2020, eventually offering 120 places.
- Reviewing our commissioning arrangements with independent providers to achieve greater value for money for each placement within the sector including block payment arrangements.
- Put in place block payment arrangements for independent schools
- Subject to budget ratification £15 millions secured from the corporate budget which along with a special free school bid will secure 300 additional places and further reduce demand in the independent sector.

## **8. Mainstream Inclusion**

Working with mainstream schools to build capacity and improve inclusive practices. This work included some of the following activities:

- Increasing opportunities for developing more in-school provision to support individuals with additional educational needs, working with schools to maximise resources and opportunities through partnerships; and

Working with mainstream schools to identify the barriers to inclusive practice and to jointly create an agreed county wide approach to inclusion.

If we were able to support more of the less complex children through the provision of outreach work in mainstream schools more of the complex children could be placed in our state funded special schools rather than the more expensive independent sector.

## **9. Affordable provision through developing collaborative working.**

We are working with our special schools to develop additional capacity by creating satellites provision.

Further Education sector continues to work closely with us to support a range of students with SEND, ensuring that the provision offered meets the demand and needs of students today and in the future.

## **10. Contribution from Health and Social Care partners**

Children's Social Care has worked collaboratively with SEND to implement Joint Agency Commissioning Panel (JACP) and similar process with Adults Social Care

Further review is being undertaken by Children's Services with Clinical Commissioning Groups (CCGs) to support in meeting their statutory responsibilities for individuals with SEND.

## 11. Summary of the request:

Following a discussion at Devon Education Forum (20<sup>th</sup> November 2019) schools are being asked to approve a transfer of 0.5% from the Schools Block to High Needs.

The authority is already committed to increasing the maintained and academy special school provision through capital injection of funds for 300 places.

Schools are being funded using the National Funding Formula factors for 2020-21 and with the reduction being made to the basic entitlement if the transfer is made. Schools will not see its funding fall lower than plus 1.84% through Minimum Funding Guarantee except where pupil numbers have reduced.

**This transfer would not be used to offset the current deficit position.** It is to be used to pump prime additional outreach support for Primary and Secondary schools so that they can accommodate the needs of individuals who have specific provisions identified within their mainstream Education Health Care Plan (EHCP). This proposal is to facilitate this through central support teams or where possible funding to the school to buy in the support needed.

Do you agree or disagree to the planned transfer of 0.5% from the Schools Block to High Needs?

**Response to this question is required by 11:45pm Sunday 19<sup>th</sup> January 2020**

**Table 2: High Needs Pupil / Student Numbers**

Type of school	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 as at Nov'19 Forecast
Mainstream - maintained & academy EHCPs	1,430	1,369	2,074	2,299
Mainstream - maintained & academy Non-Stat	754	674	22	0
<b>Mainstream - maintained &amp; academy - Total</b>	<b>2,184</b>	<b>2,043</b>	<b>2,096</b>	<b>2,299</b>
Resourced provision or SEN Units	73	73	69	66
Devon Maintained Special Schools & Academies	1,047	1,086	1,170	1,291
NMSS or Independent Special schools	316	376	461	617
Post 16 - FE Colleges & sixth forms	257	344	441	542

**Table 3: High Needs Budget expenditure**

Type of school	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 as at Nov'19 Forecast
Mainstream - maintained & academy	£10.01m	£9.14m	£7.99m	£9.7m
Resourced provision or SEN Units	£2.64m	£2.01m	£1.34m	£1.35m
Devon Maintained Special Schools & Academies	£25.47m	£25.45m	£29.91m	£32.14m
NMSS or Independent Special schools	£14.77m	£16.85m	£20.40m	£29.56m
Post 16 - FE Colleges & sixth forms	£0.931m	£0.869m	£1.53m	£2.19m

### **To be noted**

ISP Numbers do not include duplicates, but does include leavers to give total numbers of pupils supported during the financial year