

Supporting Information and Impact Assessment

Service / Policy:	Local Area Proposals for Achieving and Maintaining a Balanced Higher Needs Block
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Section 1: Background Information

1. What is the proposal / issue?

School Forum is in the process of identifying ways to meet the challenges posed by a deficit in the Higher Needs Block of the Dedicated Schools Grant (DSG).

School Forum established a working party, the Higher Needs Recovery Group, to work with officers to establish a series of proposals that will both help to manage the deficit budget position and support a balanced and sustainable budget for the future.

The proposals are built on three key principles

- Principle One – Strengthening an inclusive and accountable culture
- Principle Two – Ensuring children and young people have access to alternative and bespoke provision
- Principle Three – Ensuring the right children, achieve the right level of support, at the right cost

As part of the proposals both the Higher Needs Recovery Group and School Forum recognise that a virement of funds from the central Schools Block to the Higher Needs Block will be needed to recover some of the deficit. The proposal being consulted upon is to vire £1.359million (1.79%) of growth funding from the Schools Block to the Higher Needs Block of the DSG.

The Higher Needs Recovery Group also considered how the DSG growth funds should be shared amongst schools if a disapplication request to transfer funds from Schools Block to the Higher Needs Block was approved by the Secretary of State.

In taking their decision the group considered the principles that had been used to agree the allocation of growth funds by the School Forum at a previous meeting. This included the consideration of the minimum per pupil amounts, whilst also

	<p>being mindful of the impact on schools to make the necessary step changes to alter the budget.</p> <p>The Higher Needs Recovery Group agreed to consult on the following model of allocating the £841k growth funds.</p> <ul style="list-style-type: none"> • Assume a Minimum Funding Guarantee of 0% per pupil • Minimum per pupil amount of £3,400 for Primary (50% increase from 18/19 levels) • Minimum per pupil amount of £4,700 for Secondary (50% increase from 18/19 levels) • The majority of the drivers used to allocate the 19/20 funding will be the same as in 18/19
<p>2.</p>	<p>What is the current situation?</p> <p>Torbay's High Needs Budget is facing severe financial pressure that needs to be addressed as a matter of urgency. In 2017/2018 the whole Schools Budget was overspent by just under £1 million (£983,000) but the High Needs Budget within this was overspent by more than £1.4 million, with savings elsewhere (primarily in Early Years).</p> <p>The virement of 0.5% from the Schools Block in 2018/2019 had reduced this pressure from 2017/2018 to £614,000. However, given the pressure is increasing in 2018/2019 due to rising numbers of pupils with Education, Health and Care Plans (EHCPs) and increased costs, there is a need to find a long-term solutions to the pressures.</p> <p>There is no Dedicated Schools Grant (DSG) reserve. The carry forward pressure from 2017/2018 places the reserve in a negative position of £614,000. Given the local authority's overall financial position, especially the increasing social care pressures, there is little, if no, scope to make available any corporate funding to alleviate High Needs pressures. There is equally no basis for the local authority to cover the costs that sit within the Dedicated Schools Grant.</p> <p>The analysis of Torbay's High Needs Budget shows that, whilst there are some noticeable differences with other authorities in terms of headline figures, the underlying local issues are very similar to the national picture. However, it is evident that Torbay's starting position of a comparatively high number of High Needs pupils, and consequently high cost, is a big contributory factor a worsening financial position.</p> <p>The trajectory outturn position of 2018/2019 demonstrates that the Higher Needs budget pressure could be as much as £2.6 million at the end of the financial year.</p> <p>At the request of School Forum, a High Needs Recovery Group was established to consider ways in which to reduce these pressures. The group made up of system leaders across education, health and social care have considered in detail the demands that are leading to the increased spend. At the meeting of the Higher Needs Recovery Group in May 2018, it was agreed that an approach to include both work to change the factors contributing to demand and cost and a virement application to deal with the deficit position should be adopted.</p>

3.

What options have been considered?

The consultation document explores a range of options and solutions that will help to create a more sustainable Higher Needs Budget for the future.

Principle One – Strengthening an inclusive and accountable culture

- Peer to Peer Challenge
- Fair Access Protocols
- Providing independent advice to parents
- Providing training and information to governors
- Providing an audit to schools and an accountability process for element 2 funding.

Principle Two – Ensuring children and young people have access to alternative and bespoke provision

- Exclusion recovery process
- Recovery of funding from schools for pupils moving out of mainstream
- Reviewing the cost and availability of alternative commissioned placements
- Creating alternative provision within the local area
- Ensuring an appropriate contribution and investment in services from Health and Social Care.

Principle Three – Ensuring the right children, achieve the right level of support, at the right cost

- Request for Statutory Assessment and Issuing of Education Health and Care Plans
- Element 3 (Top ups)
- Special Schools

Virement of £1.359 million (1.79%)

The options listed above will create a marked shift to bring about significant cost reductions alongside increasing accountability and inclusive practice. This will begin to address the driving factors that lead to demand led costs and help to ensure mechanisms are in place to only allocate resources that are within the delegated higher needs budget. However, these options recover under 50% of the shortfall predicted for 2018/2019.

School Forum has therefore recognised that an application to ask for the removal of the regulation, to cap the movement of funds between blocks, has to be submitted to the Secretary of State. This will begin to address the historic deficit and the projected year end out turn position.

School Forum took a decision to seek to recover a value of £1.359 million, a disapplication percentage of 1.79%. The disapplication option would include the 0.5% allowed by Schools Forum.

The Higher Needs Recovery Group considered how the growth funds should be shared amongst schools if the disapplication request was approved. In taking their decision the group considered the principles that had been used to agree the allocation of growth funds by the School Forum at a previous

	<p>meeting. This included the consideration of the minimum per pupil amounts, whilst also being mindful of the impact on schools to make the necessary step changes to alter the budget. Options to provide the minimum pupil funding were explored as part of an options appraisal.</p> <p>The Higher Needs Working Group agreed to consult on the following model of allocating the £841k growth funds.</p> <ul style="list-style-type: none"> • Assume a Minimum Funding Guarantee of 0% per pupil • Minimum per pupil amount of £3,400 for Primary (50% increase from 18/19 levels) • Minimum per pupil amount of £4,700 for Secondary (50% increase from 18/19 levels) • The majority of the drivers used to allocate the 19/20 funding will be the same as in 18/19.
4.	<p>How does this proposal support the ambitions and principles of the Corporate Plan 2015-19?</p> <p>This proposal supports the Corporate Plan targeted action of “Protecting all children and giving them the best start in life” and the principal of “Using resources to best effect”.</p>
5.	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>All schools within Torbay will be impacted by this proposal.</p> <p>Consultation will therefore take place with all schools in Torbay. Consultation will also be undertaken with parents, parent carers and the Council’s Overview and Scrutiny Board.</p>
6.	<p>How will you propose to consult?</p> <p>We will consult via an online consultation survey which is available via Torbay Council’s website.</p> <p>The consultation document will also be considered at a meeting of the Council’s Overview and Scrutiny Board.</p>

Section 2: Implications and Impact Assessment	
7.	<p>What are the financial and legal implications?</p> <p>See Appendix 1</p>

8.	<p>What are the risks?</p> <ul style="list-style-type: none"> • Schools become less inclusive as a consequence of reduced budgets, impacting on spend in the higher needs budget • Dedicated Schools Grant deficit transfers to a revenue budget pressure for the Council • Schools remain at existing budgets levels whilst costs increase
9.	<p>Public Services Value (Social Value) Act 2012</p> <p>Not applicable.</p>
10.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>The Schools Forum has considered data and evidence from a range of sources including the Department for Education (DfE) Statistical Information, DfE statutory guidance, Local Government Association information, Practice from Local Authority Regional Networks, the Association of Directors of Children’s Services and an Independent consultant (Gordon Shinnings).</p> <p>This includes shared protocols and what works well from other local authorities.</p> <p>It is recognised that the proposals will have an impact on schools. The consultation document sets out the financial position of each school and the impact of the reduction of growth funding to be allocated. Schools Forum have ensured that all schools were made aware of the financial position of the Higher Needs Block including the potential for a disapplication since 2017. In creating the virement model School Forum established the Higher Needs Recovery Group to ensure that the views of academies, maintained and grammar schools were considered. The model proposed by School Forum takes into account minimum per pupil amounts, historic decision making regarding the local formula which has favoured deprivation and the impact of any proposals on schools to make the necessary step changes to alter the budget.</p> <p>Whilst the impact on individual school budgets should not be minimised it is also important to recognise this in the context of ensuring there are sufficient funds to provide the right level of support for some of our most vulnerable pupils. For many schools teaching a number of children and young people with EHC plans, this will ensure that Element Three top up funding is provided. For schools with existing area resource bases it will ensure that commissioned placements can continue to be funded at a level required to meet needs. Schools will also continue to benefit from the range of specialist provision available locally, for example specialist moderate learning</p>

	<p>development provision, specialist social emotional and mental health provision and specialist medical services provision.</p> <p>Torbay has a range of specialist and bespoke provision that it uses to commission placements from. These placements are currently commissioned on an individual basis, creating financial uncertainty to small providers. The proposals set out an opportunity for providers to receive block bookings for commissioned placements, creating the opportunity for better recruitment and retention of staffing, premises management and curriculum design. The proposals do not seek to reduce the level of spend on other services currently commissioned from schools both within the local area and beyond, for example costs of providing outreach services.</p>
<p>11.</p>	<p>What are key findings from the consultation you have carried out?</p> <p>There has been a very good response to the consultation with a total of 994 completed surveys.</p> <ul style="list-style-type: none"> • 47.1% of respondents did not support the proposals listed in Strengthening an Inclusive and Accountable Culture, 31.7% supported them. • 38.8% of respondents supported the proposals listed in Ensuring Children and Young People have access to alternative and bespoke provision, 37.0% did not support them. • 42.7% of respondents supported the proposals listed in Ensuring the right children, achieve the right level of support, at the right cost, 33.0% did not support them. • The vast majority, 89.4% did not support the virement application to deal with the deficit budget position. 7.3% did support it. <p>For each question, respondents were asked if they had any comments. There were 1394 comments in total. Some respondents made comments without answering the questions and some only made comments in the general section at the end of the questionnaire. Within the Consultation Report, all comments have been grouped into themes with examples shown alongside.</p> <p>There were 31 written representations received from individuals and organisations in response to the proposals. These have been anonymised and collated within the Consultation Report.</p> <p>Overview and Scrutiny Board considered the proposals and resolved that: “The Board notes the range of views expressed during the meeting. However, in the absence of alternative proposals and the continued pressure on the Council’s revenue budget, the Board believes that the proposals put forward by the Schools Forum in relation the Higher Needs Budget should be supported.</p> <p>The Board would wish that the Council and its partners continue to work together to address the wider demographic issues in Torbay which in turn create pressures within schools.</p>

	<p>The Board requests that further investigation be carried out to test the thresholds for entry into higher needs provision.”</p>
<p>12.</p>	<p>Amendments to Proposal / Mitigating Actions</p> <p>In line with the Department for Education Consultation guidance on dealing with deficit DSG positions, Torbay Schools Forum has been working to produce a recovery plan for the last year. These proposals set out the first steps that Torbay will need to undertake to provide the range of statutory services needed within the funding envelope available and are in line with the government proposals listed as part of the consultation. The Local Authority recognises that not allocating the full amount of growth funds to schools is unpopular, however working with School Forum and the Higher Needs Recovery Group it is assured that this is the best solution to recommend alongside the range of proposals that will be adopted to alter the demand led pressures leading to the overspend within the ring fenced grant.</p>

Equality Impacts

13	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people	<p>The proposals set out the allocation of growth funds to schools at the rate of £841k for 2019/2020.</p> <p>The proposals set out a number of measures that ensures that identified children and young people can receive support from specialist provisions where thresholds have been met.</p> <p>The proposals set out a mechanism of support for parents and carers of children at risk of being or have been permanently excluded. This proposal will help parents and young people to understand their rights.</p>	<p>The proposals set out a number of recommendations that will see a growth in funding to schools being reduced from £2.2million to £841k for 2019/2020. Schools will need to manage the smaller amounts of growth funds being allocated and ensure that this is targeted at those children requiring the most help and support. For some schools this will result in the reduction of services provided across the whole school population.</p>	

<p>People with caring Responsibilities</p>		<p>The proposals will result in schools reviewing their allocated budgets. Each school will need to take decisions and there is the potential for wider services such as family support to be reduced. However this remains unknown as each school will determine the use of their budget allocation. The Schools will determine whether there is a need to undertake specific consultation on the use of their budget allocation.</p>	
<p>People with a disability</p>		<p>The proposals set out a reduction of funding to Special Schools against the School Forum decision in 2018. The decision to limit the allocation of additional money to Special Schools to that listed in the EFSA regulations will remove £103k from the overall special schools budget. Special Schools will need to manage this reduction to ensure that it has the least amount of impact on children and young people. The Schools will determine whether there is a need to undertake specific consultation on the use of their budget allocation</p>	

Women or men			There should be no differentiation between the impact of the proposals on women and men.
People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			There should be no differentiation between the impact of the proposals on black or minority ethnic backgrounds.
Religion or belief (including lack of belief)			There should be no differentiation between the impact of the proposals in relation to religion or belief.
People who are lesbian, gay or bisexual			There should be no differentiation between the impact of the proposals for people who are lesbian, gay or bisexual.
People who are transgendered	For children and young people the proposals seek to provide specialist provision where required.		
People who are in a marriage or civil partnership			There should be no differentiation between the impact of the proposals on people who are in a marriage or civil partnership.

<p>Women who are pregnant / on maternity leave</p>			<p>There should be no differentiation between the impact of the proposals on women who are pregnant/on maternity leave.</p>
<p>Socio-economic impacts (Including impact on child poverty issues and deprivation)</p>	<p>The proposals will ensure that funding can be used to provide support to children and young people requiring a high cost provision or specialist service. The virement of funds from a central (universal) fund to a specialist fund will support access to these provisions.</p>	<p>The proposals will seek to ensure best value for money from all providers delivering specialist provisions. This may result in a change of approach to the individual care package being provided.</p> <p>The proposals will reduce the amount of funds available to schools in the central (universal) block, this funding provides a range of services to children, young people and their families and is often targeted at deprivation. Schools in considering the limited growth funds being received will need to ensure that money is targeted to have the least impact on interventions and support. Schools will continue to receive pupil premium funding for identified pupils and these funds will continue to be targeted at deprivation.</p>	

<p>Public Health impacts (How will your proposal impact on the general health of the population of Torbay)</p>	<p>The proposals will ensure that funding can be used to provide support to children and young people requiring a specialist provision including mental health and physical conditions.</p> <p>The proposals do not impact on the wider contribution of health visitors and schools nurses that work directly with schools. This service will remain.</p>	<p>The proposals will reduce the amount of funds available to schools in the central (universal) block, this funding provides a range of services to children, young people and their families and can be used to provide preventative services. Schools in considering the limited growth funds being received will need to ensure that money is targeted to have the least impact on interventions and support.</p>	
<p>14</p>	<p>Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)</p>	<p>The proposals will reduce the schools ability to offer early help services and preventative services. The result of a reduction could lead to increased demand on statutory services for children in need of help of protection.</p>	
<p>15</p>	<p>Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)</p>	<p>The proposals will reduce the schools ability to offer early help services and preventative services. The result of a reduction could lead to increased demand on statutory services and a reduced contribution towards targeted planning.</p>	

Appendix 1 – Overall Financial Position

	2014/2015	2015/2016	2016/2017	2017/2018
	£000	£000	£000	£000
Year end position – Over/(under) spend	(180)	(130)	835	983
Cumulative		(310)	525	1,508

The main reasons for the overspends on High Needs in the last two years are:

- EHCP/Statemented Pupils (Mainstream) - £178k (2016/2017) and £292k (2017/2018)
- Independent Special Schools - £87k and £150k respectively
- Special Schools - £274k and £882k respectively
- Other statementing costs - £163k and £152k respectively

The above reasons are aligned with the national picture of increased costs.

Special School placements have increased significantly over the last two years, with numbers exceeding commissioned places and the relative mix of pupils becoming more expensive i.e. fewer 'lower end' MLD placements.

Mainstream school top ups (element 3) increased budget is shown in the table below:

Year	EHCP Pupils FTE	Top Up	Per FTE	Increase									
				Yr on Yr FTE		Cum FTE		Yr on Yr FTE		Cum £/ FTE			
				£000	£	FTE	%	FTE	%	Per FTE	%	£	%
2014/15	327.83	609	1857.67										
2015/16	325.00	733	2255.38	-2.83	-0.9	-2.83	-0.9	397.71	21.4	397.71	21.4		
2016/17	334.00	926	2772.46	9.00	2.8	6.17	1.9	517.07	22.9	914.78	49.2		
2017/18	353.17	1234	3494.07	19.17	5.7	25.34	7.7	721.61	26.0	1636.40	88.1		
2018/19	358.83	1508	4202.55	5.66	1.6	31.00	9.5	708.48	20.3	2344.88	126.2		

This shows that the numbers of pupils with EHCPs has increased by about 10% over the four years but the cost per pupil has more than doubled.

The following are some key comparator statistics that have been obtained by using information from the Department for Education (DfE):

Torbay figures in bold	National (150)	Statistical (11)	South West (15)	England Average
High Needs Funding per pupil (Schools Block) - £1015.77	27 th	2 nd	1 st	£822.98
High Needs Funding per pupil (pupils in special and academies) £31,433	149 th	11 th		£49,066
Total DSG per pupil (schools block) £5883.00	77 th	6 th	2 nd	£6012.67
Top up per capita (0-19years) (total excluding place funding) £311		2 nd	3 rd	£271

Torbay's High Needs Block funding per schools' pupil reflects the significantly high historic level of spending on pupils, as the National Funding Formula (NFF) uses 50% of historic spend/budget. Torbay's proportion of pupils in special school and academy places is significantly higher (3.2%) when compared with all the other comparator authorities.

Whilst recognising the significant overall cost to Torbay of these pupils, it is worth understanding how much is spent per pupil with an EHC Plan/ Statement. The 2017/2018 figures relating top up funding to overall EHCP numbers can be broken down as follows:

	Torbay	England	South West	Statistical
Total EHCPs (per capita 2- 18 years)	47.6	25.9	25.5	29.9
Top up funding (per capita 2 – 18 years)				
Maintained schools, academies, free schools and colleges	235.9	216.8	211.8	199.5
Non maintained and independent schools and colleges	114.1	91.5	101.1	82.2
Total top up per capita	350.0	308.3	312.9	281.7
Total budget /spend per EHCP	£7,459	£11,929	£12,263	£9,418

This shows that, in overall terms, Torbay spends significantly less on top-up funding per EHCP than the average across England, South West Region and its statistical neighbours. This differential is very interesting, given the significant increase in Torbay's top up costs, particularly in relation to mainstream pupils.

Indicative High Needs funding for 2019/2020 compared with the 2017/2018 baseline shows that Torbay's increase will be near the base at 1% compared with a national average of 3.2%, the third lowest in the statistical comparator group (Isle of Wight and Redcar & Cleveland) lower. The highest increase in this group is 5.8% for Southend –on – Sea. Within the South West Region, most authorities' increases would be between 1% and 2% but Cornwall's would be 6.4%.