

Higher Needs Recovery Group - 25th May 2018

Context

The Higher Needs Recovery Group is tasked by School Forum with addressing the overspend on the higher needs block within the DSG. The position in 2016-2017 was £439k the position in 2017-2018 is £1.528m. By offsetting some of the cost against underspends and reserves the recovery position is £614k. The trajectory information and current analysis of need and growth demonstrates there will be a continued overspend in 2018-2019.

The mechanism for recovery available is to seek ministerial approval through an application to apply a disapplication of the 0.5% cap of virement between DSG and the Higher Needs Block.

School Forum took the decision to apply a virement of up to the permitted 0.5%, but did not support an application to dis-apply a further virement above the 0.5% cap, opting instead to establish a recovery group as a mechanism to plan for dealing with the debt and future need.

This report is provided as a discussion document and to aid thinking about the options available to the Higher Needs Recovery Group to deal with the deficit.

What happened with virement application?

In 2017-2018, twenty seven local authorities took the decision to request virement. The outcome of the virement positions are summarised below.

Councils given permission to move up to 0.5% without agreement from their Schools Forum	
Bromley	Trafford
Middlesbrough	West Sussex
Councils refused permission to move up to 0.5% without agreement from their Schools Forum	
Dorset	Hillingdon
Hackney	Wokingham
Councils refused permission to move more than 0.5% without agreement from their Schools Forum	
Barnsley	Kingston upon Thames
Bath and North East Somerset	Lambeth
Councils given permission to move more than 0.5% with agreement from their Schools Forum	
Bolton	Oldham
Bournemouth	Poole
Bristol	South Gloucestershire
Hartlepool	Southwark
North Somerset	Thurrock
Northumberland	
Councils refused permission to move more than 0.5% with agreement from their Schools Forum	
Derby	Hull
Hammersmith and Fulham	Rotherham

Local areas that are left with no flexibility to move funds are having to take considerable steps to ensure a balanced budget can be achieved, the following section sets out what options are available.

What is available for Local Areas to consider?

The high needs funding system has two main components, these are place funding (core funding) and top up funding. The following table sets out how high needs provision is funded in different types of provider for both pre and post 16 students.

	Pre-16	Pre-16	Post-16	Post-16
Type of provision	Core funding	Top up funding (real time)	Core funding	Top up funding (real time)
Mainstream schools, mainstream academies and mainstream free schools	Included within the per-pupil funding through the local schools funding formula. The first £6,000 of additional support costs is delegated within school budget and academy grant derived from local schools funding formula	Agreed per-pupil top up paid by commissioning local authority	Element 1 (based on 16 to 19 national funding formula) plus element 2 (£6,000) based on the number of places to be funded	Agreed per-pupil top-up paid by commissioning local authority
SEN units and resourced provision in mainstream schools, academies and free schools	A combination of per-pupil funding through the local schools funding formula, plus £6,000 per place for those occupied by pupils on roll, and £10,000 per place for the remainder of places to be funded	Agreed per-pupil top-up paid by commissioning local authority	Element 1 (based on 16 to 19 national funding formula) plus element 2 (£6,000) based on number of places to be funded	Agreed per-pupil top-up paid by commissioning local authority
Maintained special schools, special academies, special free schools, and non-maintained special schools	£10,000 per place based on number of places to be funded	Agreed per-pupil top-up paid by commissioning local authority	£10,000 per place based on number of places to be funded	Agreed per-pupil top-up paid by commissioning local authority
Nursery schools	Per pupil funding through the early years funding formula. The place funding system doesn't operate in 0 to 5 year only settings	Agreed per pupil funding paid by commissioning local authority	N/A	N/A
Independent schools	Place funding system doesn't operate in independent schools	Agreed per-pupil funding paid by commissioning local authority	Place funding system doesn't operate in independent schools	Agreed per-pupil funding paid by commissioning local authority
Maintained pupil referral units, AP academies and AP free schools	£10,000 per place based on number of places to be funded	Agreed per-pupil top-up paid by commissioning school or local authority	Element 1 (based on 16 to 19 national funding formula) plus element 2 (£6,000) based on number of places to be funded	Agreed per-pupil top-up paid by commissioning local authority
FE institutions, special post 16 institutions and ILPs	N/A	N/A	Element 1 (based on 16 to 19 national funding formula) plus element 2 (£6,000) based on number of places to be funded	Agreed per-pupil top-up paid by commissioning local authority

The chart demonstrates that there are limited options available to Local Areas to alter spend within the Higher Needs Block.

The options that exist are to:

- **Reduce the agreed per pupil top up paid by the Local Authority**
- **Reduce the number of Independent school placements**
- **Not exceed or reduce the commissioned capacity within special school and alternative provision providers**

The work being conducted by authorities to alter provision is at an early stage and is yet to be tested through tribunals or legal scrutiny.

What is Torbay’s current position against each of the options?

Agreed per pupil top up rate (Element 3)

Torbay currently uses an Activities Led Fund Calculator to allocate a delegated budget for per pupil top ups. The needs are assessed against four areas as set out in appendix 1. The total fund is then confirmed to schools through a delegated budget letter.

Currently there are 424 (386.84 FTE) pupils in receipt of an Element 3 top up. The payments range from £0 to £26,805 with an average payment being £4,245.

The Element 3 payment amounts have significantly grown over many years.

2014 – 2015 = £609k
 2015 – 2016 = £733k
 2016 – 2017 = £926k
 2017 – 2018 = £1.234m

The current spend on Element 3 top ups is £1.683M.

The cost calculator used to allocate a budget was established in 2011 and there has been no additional funds allocated to the unit costs paid. Schools report that the funds being allocated are insufficient to cover all the costs.

Independent School Placements

Torbay uses Independent School Placements to manage the needs of very complex children and young people often as part of a wider package of support with Social Care.

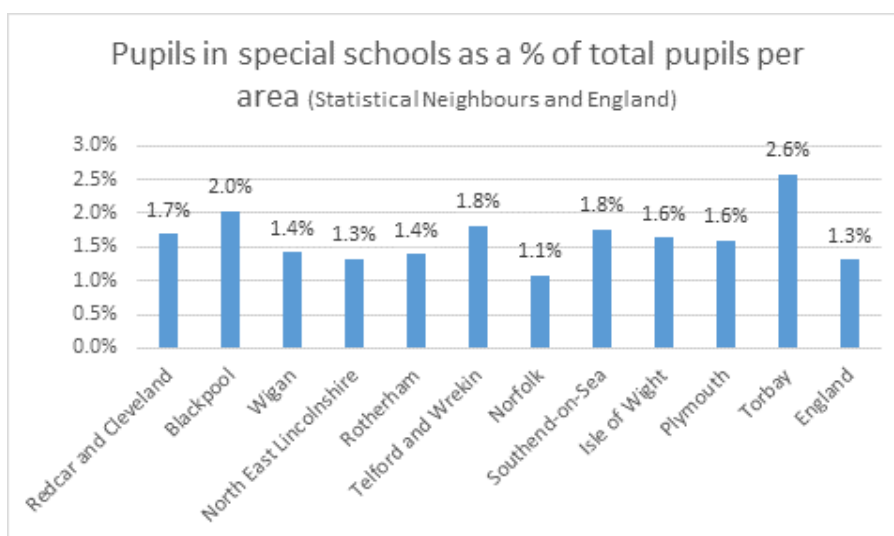
Currently we have 11 pupils taught in Independent School Placements that are jointly funded. The costs of these placements are listed below.

Name of Provision	Total Cost of Provision	Education Contribution Per Year
Acorns	£181,268	£40,268
Willows School	£179,678	£28,678
Aspiration Care	£232,750	£24,750
Oaklands Park	£81,690	£14,690
Libra (5 pupils)	£918,846	£291,846
Woodlands Development Centre	£273,018	£28,018
Young Foundations Ltd	£95,000	£54,000
	£1,962,250	£482,250

The Local Authority has worked with Social Care to ensure that the costs of packages are attributed appropriately across agencies. There remains limited contribution from health into the cost of complex packages.

Commissioned Capacity at Special Schools and Alternative Provision

Torbay has a high percentage of children and young people taught in special or alternative provision.



Despite increased place numbers, the demand for these placements outweighs the number of places commissioned by the Local Area.

	Jan 15	Jan 16	Jan 17	May 18
Combe Pafford	224	228	235	250
Mayfield	152	179	190	203
Chestnut	22	28	31	38
Brunel and Burton Academy (Torbay School)	94	94	74	122
Preston – Autism Provision	16	15	16	17
Brixham – Autism Provision	16	18	18	16
Hearing Impaired Provision	8	7	7	9
Barton Language Unit	10	10	10	10
Independent/ Non Maintained Specials	34	36	31	32
Post 16 Placements		51 (FE) 23 (Bespoke)	99 (FE) 25 (Bespoke)	102 (FE) 46 (Bespoke)

The Local Authority has been required to go above commissioned numbers for the following reasons:

- Complex needs being identified through EHCP process
- Complex pupils moving into the area
- Increased numbers of excluded pupils
- Reluctance of mainstream schools to admit or maintain pupils
- Tribunal decisions

What would be the financial impact of changing these arrangements?

As illustrated at the start of the report, the Local Area is required to make some significant decisions regarding how to meet the deficit position and stem the projected spend on the Higher Needs budget. The following tables demonstrate the financial impact of making changes to two options. Each of these options are provided for illustrative purposes and would need significant testing and impact assessments to ascertain viability. The third option of modelling independent placement reductions has not been included due to the interdependency of decisions across social care and health.

Per Pupil Top Up (Element 3)

The following table demonstrates the impact of a reduction in the per pupil top up (element 3). It models a 50% and 25% reduction to the current funding provided to schools. The figures are provided for illustrative purposes.

EHCP Funding for 18/19 for Element 3 over £6k				
School DfE	School Name	Element 3 100% Reduction £	Element 3 50% Reduction £	Element 3 25% Reduction £
PRIMARY SCHOOLS				
2407	Furzeham Primary	4,977	2,489	1,244
2434	Curledge Street Academy	85,482	42,741	21,370
2438	Oldway Primary	55,073	27,536	13,768
2439	White Rock Primary School	85,501	42,750	21,375
2453	Cockington Primary School	72,371	36,185	18,093
2454	Ellacombe Academy	34,917	17,458	8,729
2455	Homelands Primary School	37,667	18,834	9,417
2456	St. Margaret's Academy	37,910	18,955	9,477
2460	Watcombe Primary School	40,334	20,167	10,083
2464	Preston Primary School	44,055	22,028	11,014
2468	Shiphay Learning Academy	55,656	27,828	13,914
2469	Sherwell Valley Primary School	59,679	29,840	14,920
2473	Roselands	48,345	24,172	12,086
2474	Barton Hill Academy	36,252	18,126	9,063
3103	Brixham C of E Primary School	41,821	20,911	10,455
3119	Ilsham Academy	7,436	3,718	1,859
3120	Upton St. James Primary	12,992	6,496	3,248
3121	Warberry	29,184	14,592	7,296
3600	Galmpton C of E Primary School	13,155	6,578	3,289
3601	St. Margaret Clitherow Catholic Primary School	13,959	6,979	3,490
3613	Sacred Heart Catholic Primary	21,951	10,975	5,488
3614	Queensway Catholic Primary School	26,123	13,061	6,531
3615	All Saints Babbacombe C of E Primary School	19,180	9,590	4,795
3616	St. Marychurch C of E Primary School	32,931	16,465	8,233
3617	Priory Roman Catholic Primary School	43,936	21,968	10,984
3618	Torre C of E Primary School	58,924	29,462	14,731
3619	Collaton St. Mary C of E Primary School	4,673	2,337	1,168
3751	Eden Park Primary Academy	14,147	7,074	3,537
3752	Kings Ash Academy	95,761	47,881	23,940
5200	Hayes School	17,493	8,747	4,373
	Total Primary	1,151,882	575,941	287,970
SECONDARY SCHOOLS				
4114	Torquay Grammar School for Girls	12,485	6,243	3,121
4115	Torquay Academy	74,304	37,152	18,576
4116	Churston Ferrers Academy	23,635	11,817	5,909
4117	The Spires	129,169	64,585	32,292
4118	Brixham College	74,729	37,364	18,682
4119	Paignton Community & Sports Academy	193,257	96,629	48,314
4601	St Cuthbert Mayne Joint Catholic and C of E School	20,561	10,281	5,140
5401	Torquay Boys' Grammar School	3,504	1,752	876
	Total Secondary	531,644	265,822	132,911
	Current Spend	1,683,526		
	Potential Saving		841,763	420,882

The following tables demonstrates a reduction in the top up values that are provided to special schools and the indicative financial impact of a reduction. The reductions have been modelled at 3%, 5% and 10%. The figures are provided for illustrative purposes.

SPECIAL SCHOOL PUPIL FUNDING 18/19 - WITH REDUCTIONS IN TOP-UP VALUES												
	Current Top-up per pupil £	3% reduction Top-up per pupil £	5% reduction Top-up per pupil £	10% reduction Top-up per pupil £	Number of Pupils	Current Pupil Funding £	3% reduction Pupil Funding £	Funding (Decrease) £	5% reduction Pupil Funding £	Funding (Decrease) £	10% reduction Pupil Funding £	Funding (Decrease) £
Combe Pafford												
Autism	5,132	4,978	4,875	4,619	56	287,392	278,770	(8,622)	273,022	(14,370)	258,653	(28,739)
BESD 1	5,690	5,519	5,406	5,121	21	119,490	115,905	(3,585)	113,516	(5,975)	107,541	(11,949)
SLD	5,567	5,400	5,289	5,010	6	33,402	32,400	(1,002)	31,732	(1,670)	30,062	(3,340)
Hearing	5,444	5,281	5,172	4,900	2	10,888	10,561	(327)	10,344	(544)	9,799	(1,089)
MLD 1	551	534	523	496	47	25,897	25,120	(777)	24,602	(1,295)	23,307	(2,590)
MLD 2	1,402	1,360	1,332	1,262	41	57,482	55,758	(1,724)	54,608	(2,874)	51,734	(5,748)
MLD 3	2,538	2,462	2,411	2,284	27	68,526	66,470	(2,056)	65,100	(3,426)	61,673	(6,853)
PD	5,132	4,978	4,875	4,619	12	61,584	59,736	(1,848)	58,505	(3,079)	55,426	(6,158)
SpecLD	2,477	2,403	2,353	2,229	2	4,954	4,805	(149)	4,706	(248)	4,459	(495)
SLCN	4,968	4,819	4,720	4,471	35	173,880	168,664	(5,216)	165,186	(8,694)	156,492	(17,388)
Visual	8,532	8,276	8,105	7,679	1	8,532	8,276	(256)	8,105	(427)	7,679	(853)
Totals					250	852,027	826,466	(25,561)	809,426	(42,601)	766,824	(85,203)
Mayfield & Chestnut												
PMLD	12,606	12,228	11,976	11,345	49	617,694	599,163	(18,531)	586,809	(30,885)	555,925	(61,769)
BESD1 – Chestnut	11,085	10,752	10,531	9,977	36	399,060	387,088	(11,972)	379,107	(19,953)	359,154	(39,906)
SLD	6,752	6,549	6,414	6,077	151	1,019,552	988,965	(30,587)	968,574	(50,978)	917,597	(101,955)
Totals					236	2,036,306	1,975,217	(61,089)	1,934,491	(101,815)	1,832,675	(203,631)
Burton & Brunel												
Brunel - SEMH	13,480	13,076	12,806	12,132	54	727,920	706,082	(21,838)	691,524	(36,396)	655,128	(72,792)
Burton – A/P	9,850	9,555	9,358	8,865	69	679,650	659,261	(20,390)	645,668	(33,983)	611,685	(67,965)
Totals					123	1,407,570	1,365,343	(42,227)	1,337,192	(70,378)	1,266,813	(140,757)
Special School Totals					609	4,295,903	4,167,026	(128,877)	4,081,108	(214,795)	3,866,313	(429,590)

Commissioned Placements in Special Schools and Alternative Providers

The following table demonstrates the impact of working within our commissioned numbers, compared to our actual take up. The table is broken down into provider and category of need.

SPECIAL SCHOOL FUNDING ALLOCATIONS 18/19 - COMPARING COMMISSIONED PLACES WITH ACTUAL APR 18 POSITION										
	Funding if allocated as places are commissioned					Funding based on Apr 18 pupil numbers				
	Top-up per pupil £	Number of Places 18/19	Pupil Funding £	Place Funding £	Total Funding £	Number of Pupils Apr-18	Pupil Funding £	Place Funding £	Total Funding £	Variation Increase / (Decrease) £
Type of Place										
Combe Pafford										
Autism	5,132	38	195,016	380,000	575,016	56	287,392	560,000	847,392	272,376
BESD 1	5,690	19	108,110	190,000	298,110	21	119,490	210,000	329,490	31,380
SLD	5,567	2	11,134	20,000	31,134	6	33,402	60,000	93,402	62,268
Hearing	5,444	2	10,888	20,000	30,888	2	10,888	20,000	30,888	0
MLD 1	551	63	34,713	630,000	664,713	47	25,897	470,000	495,897	(168,816)
MLD 2	1,402	53	74,306	530,000	604,306	41	57,482	410,000	467,482	(136,824)
MLD 3	2,538	27	68,526	270,000	338,526	27	68,526	270,000	338,526	0
PD	5,132	9	46,188	90,000	136,188	12	61,584	120,000	181,584	45,396
SpecLD	2,477	4	9,908	40,000	49,908	2	4,954	20,000	24,954	(24,954)
SLCN	4,968	32	158,976	320,000	478,976	35	173,880	350,000	523,880	44,904
Visual	8,532	3	25,596	30,000	55,596	1	8,532	10,000	18,532	(37,064)
Totals		252	743,361	2,520,000	3,263,361	250	852,027	2,500,000	3,352,027	88,666
Mayfield & Chestnut										
PMLD	12,606	52	655,512	520,000	1,175,512	49	617,694	490,000	1,107,694	(67,818)
BESD 1 – Chestnut	11,085	32	354,720	320,000	674,720	36	399,060	360,000	759,060	84,340
SLD	6,752	146	985,792	1,460,000	2,445,792	151	1,019,552	1,510,000	2,529,552	83,760
Totals		230	1,996,024	2,300,000	4,296,024	236	2,036,306	2,360,000	4,396,306	100,282
Burton & Brunel										
Brunel - SEMH	13,480	56	754,880	560,000	1,314,880	54	727,920	540,000	1,267,920	(46,960)
Burton - Alternative Provision	9,850	50	492,500	500,000	992,500	69	679,650	690,000	1,369,650	377,150
Totals		106	1,247,380	1,060,000	2,307,380	123	1,407,570	1,230,000	2,637,570	330,190
Special School and Alternative Provision Totals		588	3,986,765	5,880,000	9,866,765	609	4,295,903	6,090,000	10,385,903	519,138

Conclusion

The paper sets out a range of complex models to aid decision making. Each of these decisions if taken would have significant consequences. The modelling demonstrates that to achieve the balanced budget, the Higher Needs Recovery Group are going to need to take decisions of this nature and complexity. The modelling demonstrates that the group can start to achieve a recovery position through the reduction in commissioned placements and per pupil top up allowances. The savings would go some way to achieving a balanced budget. However the impact of such decisions are not fully understood and could lead to additional costs. Obvious examples of this could be costs associated through tribunal decisions, increased permanent exclusions and increased costs on mainstream and other service budgets.

The paper has been written from a financial perspective and as such the full impact assessment on the decision for a child or young person has not been undertaken. This work would need to be detailed and include mitigating actions if progressed.

Working in partnership with the Local Authority the Higher Needs Recovery Group need to bring forward options that recover the budget position as part of a co-ordinated plan. The plan may include a further agreement to apply the 0.5% virement, however this will not address the level of savings required. For this reason a decision to take no action cannot be considered as an option.

Recommendation

- That the Higher Needs Recovery Group debate the content of the report and provide recommendations to Officers on options to progress.

Rachael Williams

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