

12 February 2014

UPDATE ON HIGH NEEDS

Report of the Director of Education and Early Intervention

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1. Purpose

To provide Forum with an update on High Needs funding.

2. Summary

The report sets out the strategy for High Needs funding, including the redeployment of the savings from the independent placements budget.

3. Recommendations

Forum members are asked to consider the issues in the report and give their views.

4. National High Needs Funding Changes

4.1 The High Needs Block is the source of funding for all High Level SEN and Alternative Provision for Hertfordshire children. It is the envelope of funding available for high needs in mainstream schools (exceptional needs), in FE colleges (students aged 16-25), for special schools, including Academies and Free Schools, specialist units and bases, Education Support Centres and Alternative Providers, SEN support services and placements in independent and non-maintained special schools.

4.2 Following the major changes to high needs funding arrangements introduced in 2013-14, the DfE has made further modifications to the system for 2014-15. The main changes are:

- The introduction of a compulsory threshold of £6,000 for school/academy contributions to the additional cost of high needs pupils. The Hertfordshire threshold in 2013-14 is £4,500.

- DfE control over changes in the overall number of high needs places. Authorities have had to submit place numbers for the 2014/15 academic year. Where the overall number of places has reduced and authorities wish to use the resulting saving on other high needs provision or services, DfE approval has to be obtained. This is an obstacle to the flexible management of the resources provided by the High Needs block.
- Delayed confirmation of the level of the High Needs block for 2014-15. The High Needs block will only be confirmed by the 31 March 2014, following DfE analysis of the high needs places returns submitted by authorities. As a result there is an additional element of uncertainty in setting the budget.

4.3 The DfE has indicated that it wishes to move to a system in 2015/16 whereby place numbers for each special school and special unit are set automatically according to the actual number of pupils on roll in the previous academic year. A further possible change to funding arrangements is the introduction of a new factor within the primary and secondary funding formula to allocate funding according to the number of high needs pupils. This would replace the Multiple Cases funding arrangement operated in Hertfordshire (and equivalent local funding arrangements operated by other authorities).

4.4 One national funding change already implemented from September 2013 is the transfer of funding for additional support to high needs students in post-16 FE and independent specialist college placements. As with most local authorities, the amount transferred initially to Hertfordshire's DSG did not reflect historic patterns of expenditure by the EFA. Work is continuing during this academic year through a local FE colleges' task group to develop a sustainable funding mechanism.

4.5 A further pressure on the post-16 funding element of the high needs block will be the introduction of statutory Education, Health and Care plans from September 2014 which have the potential for provision to continue up to the age of 25. It is expected that demand will increase for full-time and/or extended FE and independent specialist college placements, which will ultimately be tested through SEND tribunal.

5. Hertfordshire's Strategic Approach

5.1 The vision of Hertfordshire's strategy, Developing Special Provision Locally (DSPL), is that the needs of all children can be met as close to home as possible with schools, settings, services and parents working together in their local community to achieve this. There is a belief and commitment that with a range of provision, support services and resources available locally to meet their needs; barriers to learning can be removed and outcomes for children and young people can be improved.

5.2 The strategy is underpinned by a managed and transparent approach to the deployment of SEN funding. Whilst the Local Authority is the commissioner

of the High Needs Block DSPL is a partnership approach enabling local stakeholders to be more informed, involved and influential in how available resources are used to meet outcomes for children and young people with SEN. The DSPL mechanisms fit well with the national SEND reforms and the requirement to involve stakeholders in the development of the Local Offer of services and provision.

5.3 There are a number of different elements to DSPL which, in combination, are intended to support more children having their needs met locally. So far these include:

- 9 DSPL Area Groups with development plans to improve local capacity to meet needs. The groups are working within the overall strategic framework and are informed by detailed data profiles and information about spend and budgets.
- The re-commissioning of special schools and a number of initiatives to increase their skills and expertise in meeting complex needs, including autism, speech and language and behaviour.
- Establishing five multi-agency Early Years Specialist Development Centres for 0-3 year olds with complex needs.
- A multi-agency framework for keeping children with autism, challenging behaviour and complex health needs in local provision through personalised, integrated interventions.
- Primary and secondary behaviour pilots across the county testing a commissioning role for local collectives of schools where more flexible services are being developed with a focus on high needs.
- Development of a range of local models of nurture provision for vulnerable children.
- Post 16 pilots across special schools and FE colleges, with the establishment of specialist transition workers.

5.4 Further priorities which are underway are the development of a DSPL approach to autism; a review of parental engagement in DSPL; a review of outreach services from special schools; the roll out of Hertfordshire Steps (an approach to behaviour management) through the DSPL Areas and responding to issues arising relating to services for specific learning difficulties.

5.5 A key outcome indicator for the strategy is reduced reliance on independent placements. The reduction (from 250 in 2009 to 140 in 2013) has enabled a significant level of funding to be redeployed into local provision and developments rather than spent on provision outside of Hertfordshire. Another key indicator is more children having their needs met locally. Data indicates that the % of pupils with statements attending school in their local area has increased from 53% in 2009 to 64% in 2013.

- 5.6 The full range of Measures of Success for DSPL will be included in the Area Profiles, the latest of which will be available in April 2014.

6. Savings from the Independent Placements Budget

- 6.1 A schedule showing the Independent Placements budget and outturn since 2009-10, indicating the sums which have been redeployed from Independent Placements to other budgets, was considered by the Forum at its November 2012 meeting. This schedule has been updated to include 2013-14 and is attached at Annex A.

The amounts of budget redeployed from Independent Placements to support greater levels of provision within Hertfordshire are as follows:

Additional funding delegated to mainstream schools	£3.149m
DSPL development budget for Area Groups	£1.000m
DSPL development budget for special schools	£0.500m
Roman Fields	£1.000m
Total	£5.649m

- 6.2 The approach to the redeployment of independent placement funding is necessarily cautious because of the potential volatility of out of county placements. Independent special school or college placements alone can be six figures, so that a relatively small increase in numbers carries a significant price-tag.

Primary and Secondary Budget Shares

- 6.3 Additional funding has been delegated to reflect the requirement on schools/academies to contribute the first £6k of the cost of high needs pupils. This funding has had to be allocated through the budget share funding formula rather than according to the distribution of high needs pupils.
- 6.4 The school contributions towards exceptional needs costs reduce the level of pupil top ups funded from the Exceptional Needs budget. As the funding delegated to schools has come from the Independent Placements, rather than the Exceptional Needs budget, the "spending power" of the Exceptional Needs budget has been increased.
- 6.5 However, this increased spending power is considerably less than the £3.1m transferred from the Independent Placements budget, because the new high needs funding system (with school contributions) requires a greater resource to operate than the old. Schools with no high needs pupils have received their share of the additional delegation but had no extra cost.
- 6.6 At the same time, an element of the Exceptional Needs budget has had to be set aside to fund Multiple Cases allocations. Multiple Cases is the compensation scheme for schools/academies with larger numbers of high needs pupils, which would otherwise experience a disproportionate financial

burden from the requirement to contribute the first £6k cost for each high needs pupil. The cost of Multiple Cases in 2014-15 is estimated at £1.6m.

- 6.7 Nonetheless the greater spending power of the Exceptional Needs budget has enabled the introduction of Clusters of Needs allocations in 2013-14. Schools facing particularly severe pressure due to the number, range or complexity of pupils with SEN can apply for these allocations. £0.3m from the Exceptional Needs budget has been earmarked for the Clusters of Need initiative.
- 6.8 Additionally data indicates that both the number of children and the average number of hours agreed for Exceptional Needs funding have increased in 2013-14 compared to 2012-13.

An ENF strategy group was established towards the end of Autumn Term 2013 to have oversight of this budget and associated processes.

DSPL Development Budget for Area Groups

- 6.9 This has provided a budget to each DSPL area to support the development of local services, including a standard allocation for a leadership and management function. All DSPL Groups have submitted plans for their Area and funding has been allocated against these plans in 2012-13 and 2013-14. Plans so far have included training (including autism, speech and language and emotional needs); developing support systems for parents; transition programmes; peer support networks as well as more strategic developments including nurture provision, virtual centres of expertise and re-shaping behaviour services.

DSPL Development Budget for Special Schools

- 6.10 This £500k development budget has supported a range of training and pilot programmes to increase special schools' capacity to meet a more complex range of pupil needs. This has principally focused on:
- training and accreditation for specific types of needs;
 - an alternative KS4 programme in BESD schools;
 - pupils' transition from special schools to colleges.
- 6.11 The majority of training and accreditation has been in respect of autism. Eight SLD and LD schools now have the National Autistic Society (NAS) accreditation, with the remaining seven schools plus Roman Fields expected to gain the accreditation by the end of 2014-15 academic year. As part of the process, staff have been funded to attend nationally recognised autism training courses and a new Hertfordshire-specific course has been piloted with one of those providers.
- 6.12 The other focus of training and accreditation has been on speech and language, using the national Elklan programme which leads to a BTEC level 2 or level 3 award for individual staff. Staff in each school are trained to deliver the programme within the school, alongside the speech and language therapist. It is expected that each LD and SLD school will have

held at least one 10-week training course for their staff by the end of this academic year, with the SEBD and PNI schools doing so by the end of next academic year.

- 6.13 The four secondary SEBD schools are in the second academic year of piloting alternative and individualised programmes for those students at risk of the placement breaking down and a less local and more expensive placement being required. Up to 20 students per year across the four schools have received an enhanced programme, combining time in school with off-site activities. Initial evaluations are encouraging, and all of the identified pupils have been retained in school.
- 6.14 Work on the transition of the most vulnerable pupils from LD, HI and SEBD special schools at 16 began with a pilot of extended placement in several LD schools and a collaborative programme for HI pupils in college. From this arose the development of action research projects between schools and FE colleges/alternative post 16 providers, now in their second year. Examples of the first year projects include:
- a new five day a week programme (three days in the College and two days in the LD school);
 - a post-16 vocational provision on an SEBD school site;
 - increased familiarity with the college site and joint activities during KS3 and KS4 for SEBD school pupils;
 - new apprenticeship progression options.
- 6.15 A pilot has also established a transition support worker in three of the colleges to work with identified students and their families during year 11 and the first term of a college placement. As well as providing more support for the most vulnerable students than available through the existing transition arrangements, the post-holders provide a further reference point for parents and maintain contact with the students during the long summer break between leaving school and starting college.
- 6.16 The activity and expenditure associated with these development projects is scheduled to end at various points during the 2014-15 financial year. A full review of the projects to determine how successful elements can be implemented on a permanent basis will be undertaken over the next few months, beginning with an initial consideration at the special school funding task group at the end of February 2014 and leading to a paper to the county DSPL group. The initial estimate is that approximately £200k might be required for ongoing commitments, such as the annual NAS accreditation fee for each school.

Roman Fields

- 6.17 Roman Fields provides alternative programmes for pupils with statements with a primary need of complex emotional, behavioural and social difficulties. Pupils may also have associated communication disorders or other needs. 79 pupils have been placed between November 2010 and September 2013. Many of these experienced placement breakdowns in

other specialist schools and settings within and outside of Hertfordshire prior to placement at Roman Fields. Outcomes post-placement at Roman Fields are positive. The 23 pupils who left in 2012 were followed up over a year later and of those that were still living in Hertfordshire, only 1 pupil was NEET (not in education, employment or training). Significant potential costs have been saved to the High Needs budget as a result of Tribunal orders relating to Roman Fields. For example two hearings since December 2013 dismissed the parents' appeals for independent placements and found that the needs could be fully met in Roman Fields. The additional costs for these two cases would have been £122,506 and £172,360 per annum.

Independent Placement Budget 2014-15

- 6.18 As a result of the redeployment of budget and the savings taken, most of the underlying underspend in the Independent Placements budget has now been removed. The estimated underspend of £3.3m in 2013-14 will be reduced by the £1.9m of budget transfers and savings being made in 2014-15.

7. Special Schools

- 7.1 Several measures have already been put in place to support special schools in connection with the need to provide for pupils with more complex needs. These comprise:

- the £0.5m DSPL development budget described above;
- the recycling of funding from the removal of empty places, and from;
- the discontinuation of the hearing impaired integration factor, into special school funding.

- 7.2 The special school sector has made a budget bid for additional resources to increase schools' capacity to meet complex needs. Given that some of the £0.5m DSPL budget for special schools has been meeting one-off transitional costs associated with the re-commissioning of special schools, such as training programmes which are now coming to a close, it is proposed to switch £0.3m from this budget into special school top ups to increase funding for higher needs pupils. It is proposed that the detail of how this funding will be allocated should be agreed with the special school heads funding task group.

- 7.3 Assuming that the final announcement of the High Needs DSG block for 2014-15 does not result in a reduction from the funding that has been assumed, it is proposed that £0.3m of the DSG carry forward be used in 2014-15 to replace the funding transferred to special school top ups so that the special schools DSPL budget remains at £0.5m in 2014-15. However, this is one-off funding and a way of maintaining the additional £0.3m in the special school top up budget in 2015-16 would be to reduce the special schools DSPL budget to £0.2m in 2015-16.

8. Outreach work by special schools

- 8.1 Five special schools (three primary-age LD schools and two all-age SLD schools) are currently funded to deliver outreach sessions to local mainstream primary schools. This arrangement is long-standing, going back to the 1990s, and the other two primary-age LD special schools were originally involved. Total funding in 2013-14 is £270k, predominantly allocated to the three LD schools.
- 8.2 The aim of the service is to support and develop staff's expertise so that individual pupils with recognised SEN can remain in their local mainstream school. The five schools have been involved in reviewing the current arrangements, including a more equitable distribution of available sessions between DSPL areas, which will be considered by the special school funding task group later this month and presented to the county DSPL group in March.
- 8.3 In addition, some secondary-age special schools also provide some form of outreach support through their specialist school status.

9. Exceptional Needs

- 9.1 There is a projected underspend in the Exceptional Needs budget in 2013-14 resulting from several factors including a lower than estimated number of high needs pupils from other local authority areas. Given the uncertainty over the level of the High Needs block in 2014-15, it is proposed to carry forward this underspend. Assuming that the final announcement of the High Needs DSG block for 2014-15 does not result in a reduction from the funding that has been assumed, it is proposed that the underspend on Exceptional Needs in 2013-14 be added to the Exceptional Needs budget for 2014-15.

10. Primary Support Bases and Educational Support Centres

Primary Behaviour Services

- 10.1 Historically Primary Support Bases (PSBs) have been funded to provide 6 places within the unit, plus outreach support to pupils on "extended roll". A review indicated the need for greater involvement of mainstream schools in the development of more flexible behaviour provision for pupils with high needs. Currently there are partnership pilots reviewing and developing primary behaviour services in four DSPL Areas (N.Herts, East Herts, St Albans and Watford and Three Rivers). The partnerships are looking at the best use of the combined resources available from PSBs and ESCs for primary pupils. The developments will provide the following advantages:
- Stronger local ownership by headteachers;
 - More sustainable local provision;
 - Better match between provision and individual needs ;

- Improved outcomes, including fewer exclusions;
- Enhanced capacity in mainstream settings;
- Greater equity and cost-effectiveness in use of resources.

10.2 PSBs involved with the pilots are already using their place funding to support more effective specialist interventions. In order to implement these changes the Authority will have to convert place-led funding into commissioned service funding and this requires the agreement of the DfE. This application was submitted as part of the High Needs Places return just before Christmas and a reply is awaited.

11. Education Support Centres

11.1 The Authority has tried to minimise the disruption for ESCs resulting by the introduction of the new high needs funding arrangements by funding ESCs through commissioned service allocations. These have been calculated as the difference between ESCs' budget shares under the old funding system in 2012-13 and the place-led funding under the new system so that overall resources for each ESC are unchanged.

11.2 Two changes have impacted on ESCs, however:

Delegation of funding for premises and support services

11.3 The DfE has required that in 2013-14 ESCs had the same level of delegated responsibility as schools. Although ESCs in Hertfordshire have long had delegated budgets, it has been necessary to delegate the funding for premises costs and support services. Allocations for these have been added to the commissioned service allocation described above, calculated on the basis of 2012-14 actual costs. Some ESCs have experienced difficulties in budgeting, particularly for premises costs, in 2013-14 due to the delays in receipt of utility bills or in some cases as a result of moves to different premises.

DfE Exclusions Pilot

11.4 The DfE has indicated that it is moving towards a system whereby schools rather than local authorities are the commissioners of alternative provision. There are two main options for school commissioning, either individual commissioning by each school separately or collective commissioning by consortia of schools. Hertfordshire is part of the national pilot and is testing a collective commissioning model.

11.5 In three areas of the county (S.West Herts, Welwyn and Dacorum) funding has been devolved to a partnership of schools. A memorandum of understanding between the LA and the partnerships sets out the responsibilities associated with the devolved funding. The pilot will be subject to a national evaluation and Hertfordshire is also carrying out a review of the primary and secondary pilots in the second half of the Spring Term 2014.

12. Early Years

- 12.1 As outlined in the paper to the January Forum on Early Years Funding Changes for 2014-15, it is proposed to introduce Clusters of Need allocations for qualifying PVI providers on a similar basis to the system for primary and secondary schools. A budget of £45,000 is requested for this and it is intended to provide this budget through a further redeployment of funding from the Independent Placements budget. The Forum is asked to support this.

13. Conclusion

Forum is asked to consider the issues in the report and agree the request in 12.1 above.

Analysis of savings in the Independent Placements budget

Annex A

<u>Financial year</u>	<u>Budget</u>	<u>Outturn</u>	<u>(underspend)/ Overspend</u>														
1 2009-10	£13,546,000.00	£15,541,000.00	£1,995,000.00														
2 2010-11	£16,260,552.00	£13,067,552.00	(£3,193,000.00)														
	<i>made up of</i>																
	<table border="1"> <tr> <td>2009-10</td> <td>£13,546,000.00</td> </tr> <tr> <td>increase in budget</td> <td>£2,500,000.00</td> </tr> <tr> <td>Inflation</td> <td>£162,552.00</td> </tr> <tr> <td>other pressures</td> <td>£52,000.00</td> </tr> </table>			2009-10	£13,546,000.00	increase in budget	£2,500,000.00	Inflation	£162,552.00	other pressures	£52,000.00						
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3 2011-12	£13,653,552.00	£10,853,552.00	(£2,800,000.00)														
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	<table border="1"> <tr> <td>2010-11</td> <td>£16,260,552.00</td> </tr> <tr> <td>restructure</td> <td>(£107,000.00)</td> </tr> <tr> <td>Roman Fields</td> <td>(£1,000,000.00)</td> </tr> <tr> <td>DSPL</td> <td>(£1,500,000.00)</td> </tr> </table>			2010-11	£16,260,552.00	restructure	(£107,000.00)	Roman Fields	(£1,000,000.00)	DSPL	(£1,500,000.00)						
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4 2012-13	£13,929,552.00	£9,243,282.00	(£4,686,270.00)														
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5 2013-14	£11,320,343.00	£7,994,719.00	(£3,325,624.00)														
	<i>made up of</i>																
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