

Date of meeting:	Thursday, 27 September 2018
Title of report:	High Needs Block Funding Summary
Type of report: Delete as required	For Information
Executive summary: Including reason for submission	Highlights the projected financial pressure in the High Needs Block in 2018-19 and subsequent years, and the specific challenges facing the local authority and schools. The report provides information on SEND trends particularly around Education, Health and Care Plans and exclusions.
Budget / Risk implications:	Specific proposals are elsewhere on the agenda but this paper recognises an in-year underlying projected overspend of £5.5m with a medium-term projection of a recurring financial shortfall in the range £10m-£13m if no further action is taken.
Recommendations:	That members of the Schools Forum note the contents of the report
Voting requirements:	None
Appendices: To be attached	Appendix 1: Article from The Yorkshire Post, 15 th August 2018
Report originator and contact details:	Howard Emmett – AD Strategic Resources (CYPS)
Presenting officer: If not the originator	Howard Emmett – AD Strategic Resources (CYPS)

1.0 PURPOSE OF THE REPORT

1.1 The paper provides information on the projected financial pressure in the High Needs Block in 2018/19 across North Yorkshire and highlights specific challenges faced by the local authority and schools. The paper summarises a number of other proposals elsewhere on the agenda.

2.0 BACKGROUND

2.1 The new SEND practices were introduced as part of the Children and Families Act 2014 with a transitional period until 31 March 2018.

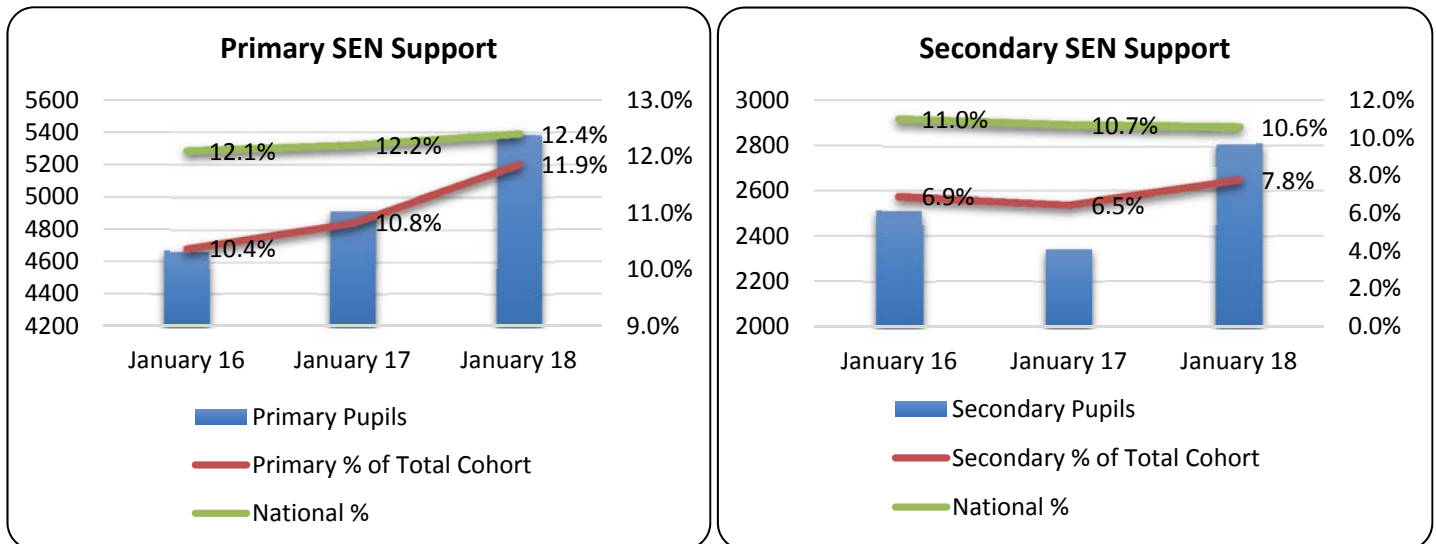
2.2 The main changes to legislation are summarised below:

- Local authorities must carry out their function to identify all children and young people with SEN. The threshold for statutory assessment is low and requires a local authority to undertake the assessment if they are of the opinion that the child has, or may have, special educational needs, and it may be necessary for special education provision to be made for the child or young person;
- The age range covers 0-25 years under the new legislation;
- From September 2014 children and young people referred to the LA for assessment are considered under the new Education, Health and Care (EHC) 20 week assessment process;
- Local authorities had until the end of March 2018 to transfer statements of SEN into EHC Plans or to cease them;
- In addition, the previous School Action and School Action Plus categories have been replaced by a new category SEN Support (K code) and assessment, plan, do, review cycle;
- Schools are responsible for the first £6k of support for children at SEN Support.

3.0 IDENTIFICATION OF CHILDREN AND YOUNG PEOPLE WITH SEND

Children at SEN Support

3.1 Between January 2016 and January 2018 there has been an increase of 1,014 children (717 primary and 297 secondary) receiving SEN support. The overall total as at July 2018 was 8,192 (5,383 primary and 2,809 secondary). Although North Yorkshire rates remain below the national rates the gap has narrowed at both primary (from 1.7% to 0.5%) and secondary (from 4.1% to 2.8%).



3.2 There is significant variation between schools in the percentage of children receiving SEN support which suggests identification is not consistent. In approximately half of schools the figure is below the North Yorkshire average. For many of these schools they are only marginally below the average, but there are a reasonable number that are significantly below.

SEN support school analysis						
	North Yorkshire Average	Number of schools less than 5%	Number of schools between 5- 9.9%	Number of schools between 10-14.9%	Number of schools between 15-19.9%	Number of schools 20% and over
Primary	11.9%	32	106	83	43	42
Secondary	7.8%	7	20	11	3	2

Children with EHC Plans/statements

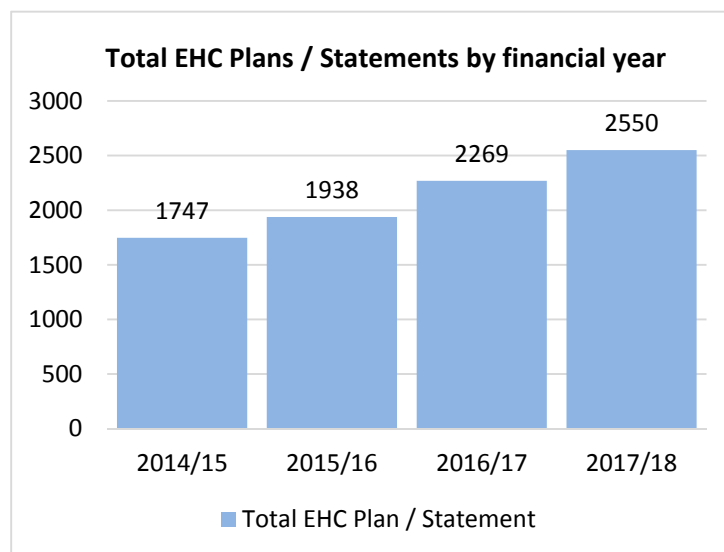
3.3 The number of requests for Education, Health and Care (EHC) assessments increased by 76% between 2015 and 2017 (calendar years).

Requests for EHC assessment		
2015	2016	2017
407	614	717

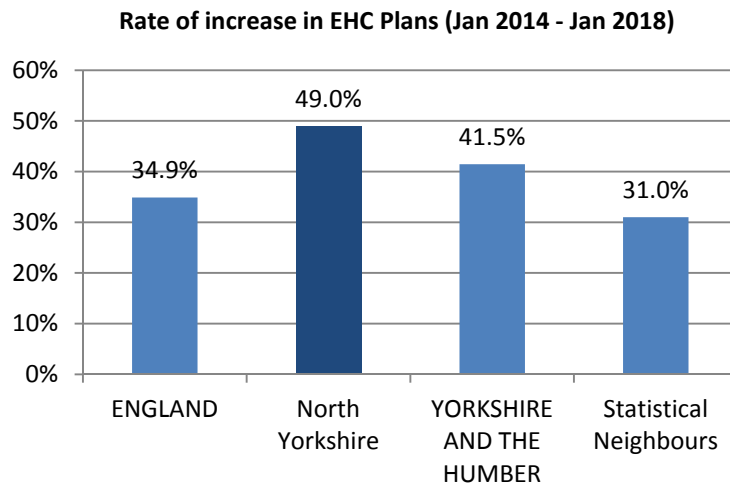
3.4 The percentage of initial requests for EHC assessment refused in North Yorkshire is 30% which is above all benchmarks.

3.5 Furthermore, following assessment a decision is taken not to issue an EHC Plan in 11% of cases, which is higher than all benchmarks.

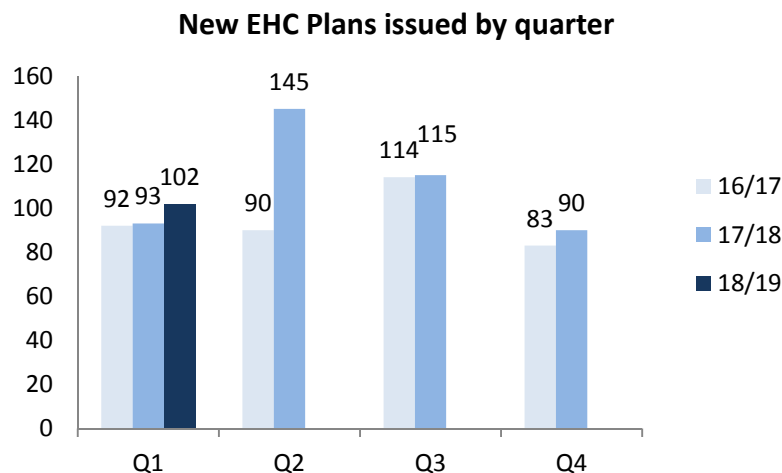
3.6 The total number of EHC Plans has increased by 46% between 2014/15 and 2017/18 (financial years).



3.7 Over the period January 2014 to January 2018 the percentage increase in North Yorkshire (49%) has been higher than all benchmarks, although it should be noted that the number of Plans in North Yorkshire has historically been lower than all benchmarks (see paragraph 3.12).



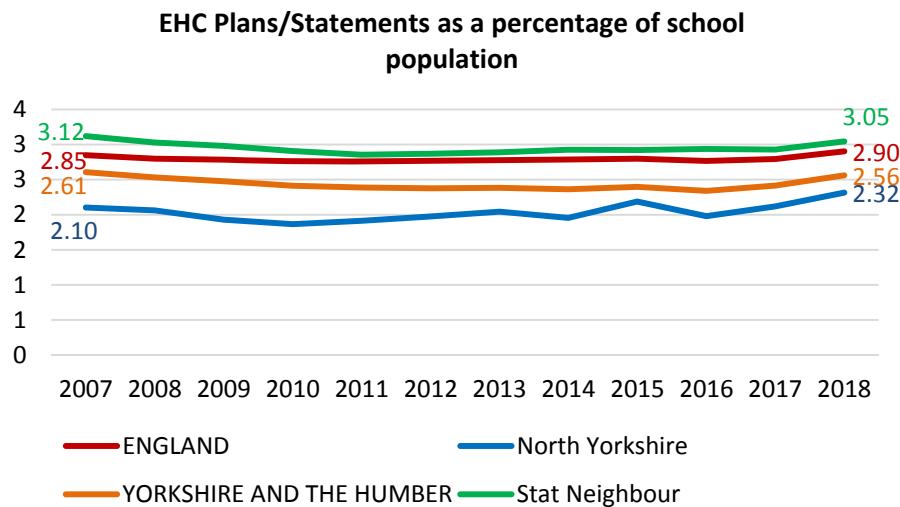
3.8 Over the last nine quarters the average number of new EHC Plans issued per quarter is 103. The range for eight out of the nine quarters is 83-115, with Q2 2017-18 appearing to be an anomaly at 145.



3.9 The number of ceased EHC Plans was significantly higher in 2017 (calendar year) than in both of the previous years.

Ceased EHC plans		
2015	2016	2017
80	51	119

3.10 The rate of EHC Plans as a percentage of the school population remains below all benchmarks, which has been the case since 2007.



3.11 The EHC Plan forecast - based on historic trend since the implementation of the SEND code of practice - is shown in the table below (forecast number for January in each year). The forecast takes into account new plans issued and plans ceased, but does not factor in the Strategic Plan for SEND Education Provision nor the impact of reaching 6 years post-SEND reforms when the impact of increasing the age range from 18 to 25 will be fully realised.

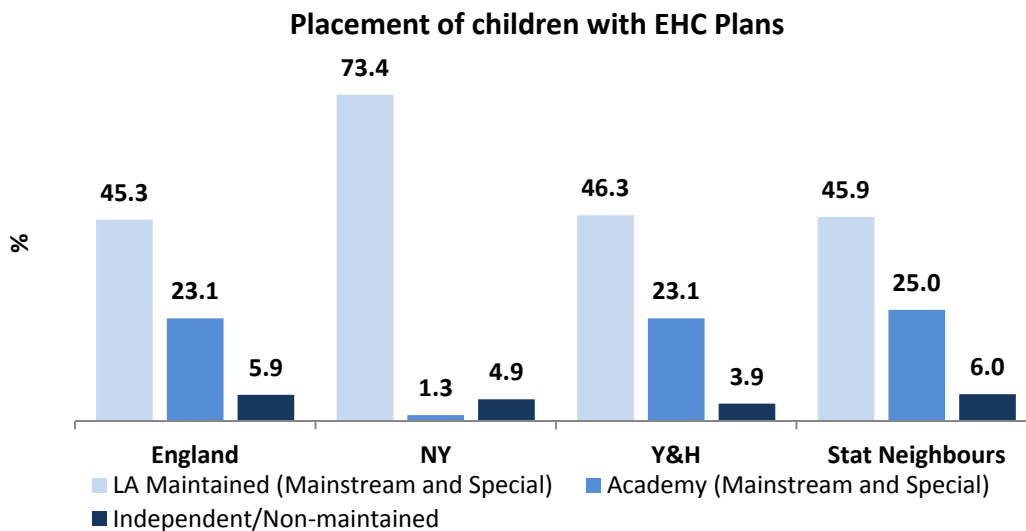
EHC Plan forecast (based on historic trend since implementation of the SEND code of practice)								
2019	2020	2021	2022	2023	2024	2025	2026	2027
2,755	2,990	3,197	3,377	3,474	3,586	3,711	3,808	3,917

Count of North Yorkshire funded Statements and EHC plans by age group

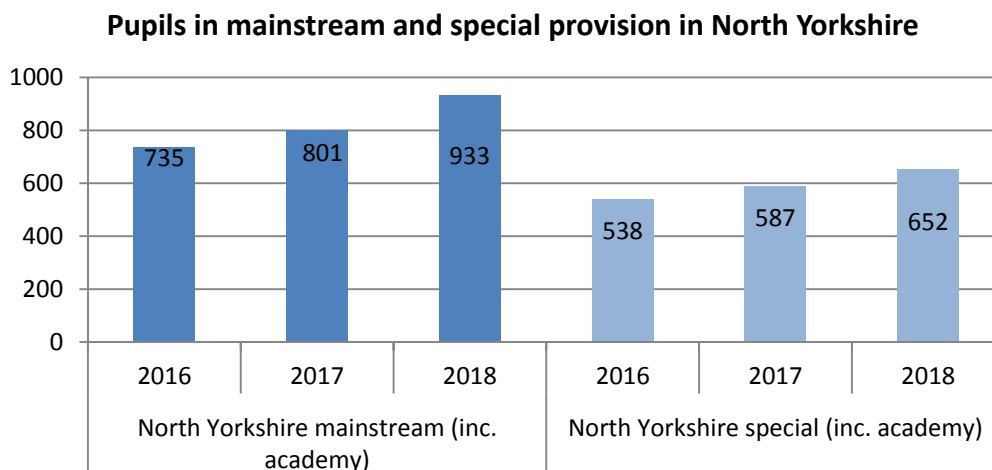
Age Group	Jun-15	Jun-16	Jun-17
Under 5	36	45	57
5 to 10	563	618	718
11 to 15	784	804	874
16 to 19	408	498	578
20 to 25	5	62	130
Total	1796	2027	2357

Placement of children with an EHC Plan

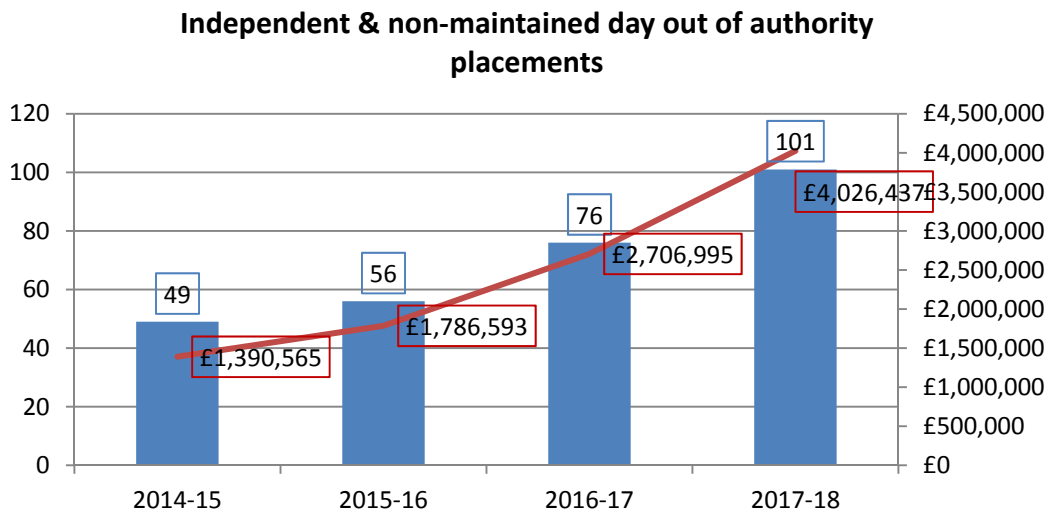
3.12 Nearly three quarters of children with ECH Plans have a place in a local authority maintained school (not all in North Yorkshire), which is much higher than all benchmarks. The percentage in academies is very low and significantly below all benchmarks which is reflective of the lower proportion of academies in North Yorkshire. The percentage of children in independent/non-maintained provision is below the national and statistical neighbour rate, but above the regional rate.



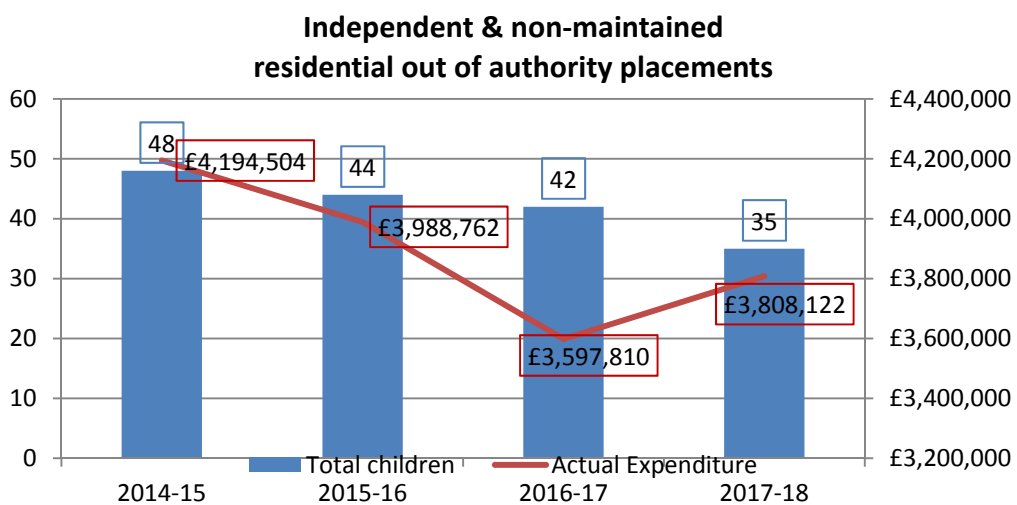
3.13 The number of pupils (Reception to Year 11) with EHC Plans in North Yorkshire mainstream provision (maintained and academy) has increased by 27% between 2016 and 2018. The number of pupils (Reception to Year 11) with EHC Plans in North Yorkshire special schools (maintained and academy) has increased by 21% over the same period.



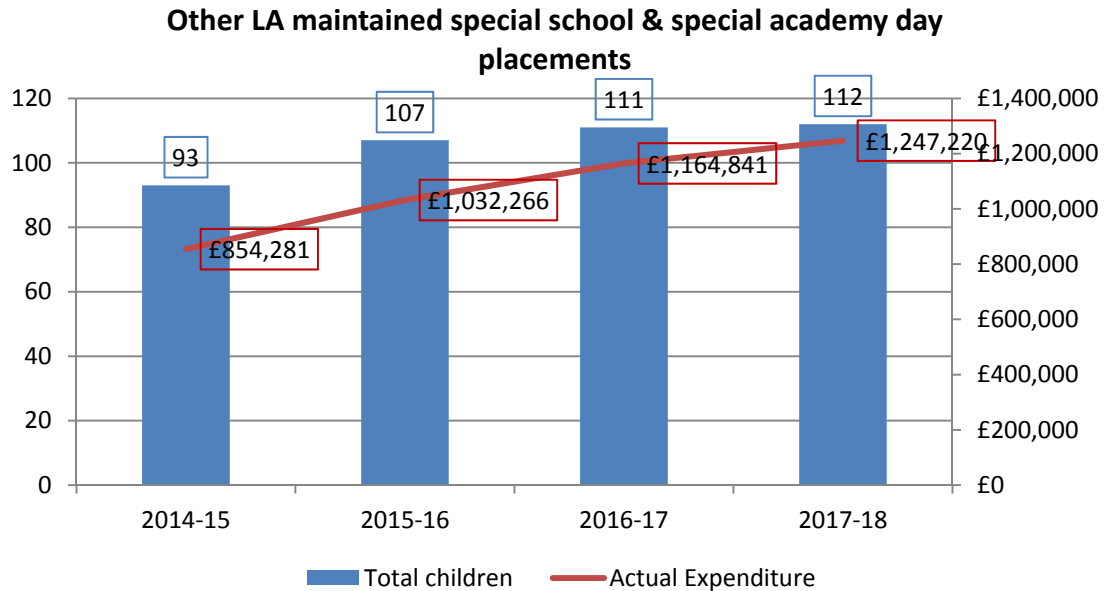
- 3.14 The total number of pupils in independent and non-maintained day out of authority placements (which includes independent and non-maintained providers in North Yorkshire) has shown a year on year increase since 2014-15. The expenditure has also increased year on year. In 2017-18 the average cost per pupil was £54k.



- 3.15 The total pupils in independent and non-maintained residential out of authority placements (which includes independent and non-maintained providers in North Yorkshire) has decreased year on year since 2014-15. Expenditure has reduced over the period, but increased between 2016-17 and 2017-18 despite fewer pupils. In 2017-18 the average cost per pupil was £135k.



3.16 The total pupils in other Local Authority maintained special school and special academy day placements has shown a relatively small increase since 2014-15. The expenditure has also increased year on year. In 2017-18 the average cost per pupil was £13k.



4.0 IMPACT ON HIGH NEEDS BLOCK FUNDING

4.1 The High Needs Block for North Yorkshire amounts to £45.847 million (including £1.66m transfer from Schools Block). This is a reduction from the HN Block allocation reported in March 2018 by £695k. This reduction is due to:

- £510k reduction relates to updated DfE figures from January 2018 school census and February individual learner records. These were notified to local authorities in June 2018;
- £185k reduction relates to higher than anticipated deductions for commissioned places in FE colleges where ESFA pays the institution directly rather than passing the funding through the local authority

Budget Area	Budget as per March 2018 (£k)	Change since Original Budget (£k)	Revised Budget (£k)	%
High Needs Commissioning	35,806	(155)	35,651	77.8
Alternative Provision (PRUs, Hospital Provision)	5,211	-	5,211	11.4
Education Psychology	190	-	190	0.4
Enhanced Mainstream Schools	3,175	-	3,175	6.9
SEN Support & Outreach	3,157	-	3,157	6.9
Higher Education for LAC	47	-	47	0.1
Virtual School	511	-	511	1.1
School Improvement Partnerships	420	-	420	0.9
Other Budgets	308	-	308	0.7
Budget Shortfall	(2,283)	(540)	(2,823)	(6.2)
TOTAL	46,542	(695)	45,847	100

- 4.2 The High Needs Commissioning Budget amounts to £35,651k and can be further broken down to illustrate areas of deployment of funding

Budget Line	£k	%
NY Special Schools	15,519	43.5
Mainstream High Needs	6,206	17.4
Early Years High Needs	548	1.5
Independent Schools	4,128	11.6
Non-maintained Schools	916	2.6
SEN Legal Services	25	0.1
OLA Expenditure	1,697	4.8

SPIs	2,714	7.6
Personalised Learning	773	2.2
FE Colleges	1,298	3.6
E3 Support (Pilot)	200	0.6
Pooled Budget	1,565	4.4
Personalisation and Transition Hubs	63	0.1
TOTAL	35,651	100

- 4.3 It is anticipated that the estimated financial pressure in 2018-19 will be in the order of £5.5m. This is reduced, in part, by the application of £1.6m transferred from the Schools Block into the High Needs Block resulting in a net financial pressure of £3.9m. This is a one-off measure and in the School Funding paper there are proposals to consult with schools on options to transfer 0.5%, 1.0% or 1.5% of the Schools Block into the High Needs Block in 2019-20. However, demand predictions outlined in section 3.11 indicate that, other things being equal, the underlying financial pressure of £5.5m will grow by approximately £1.5m - £2.5m in each of the next few years. This financial pressure was highlighted in an article in The Yorkshire Post on 15th August 2018 and is included as Appendix 1. Overall, the local authority, schools and academies in North Yorkshire are facing a recurring funding shortfall of between £10m - £13m by March 2022. This estimate needs more refinement but provides a crude indicator of the scale of the shortfall. As previously reported to the Schools Forum (formerly North Yorkshire Education Partnership), this financial pressure is not sustainable.
- 4.4 A number of measures are presented elsewhere on the agenda aimed at providing cost reductions including:
- Consultation response on E2 Exceptional Funding £0.36m
 - Transformation of Pupil Referral Service and Alternative Provision £1.5m
 - Replacement of the CAN-Do RAS with a banded system model -
 - Delivery of 600 Hours for Post-19 Provision £1.1m
- 4.5 In total, these measures potentially provide up to £2.96m of cost reduction. Clearly, this is not sufficient to address the underlying projected overspend and further measures will need to be identified for consideration. Future papers will be brought to the November Schools Forum outlining further savings options.

5.0 CONCLUSIONS

- 5.1 The scale of the financial pressure facing the High Needs Block is significant and likely to continue to rise if left unchecked. This financial pressure is not unique to North Yorkshire and reflects the national trend. We will continue to lobby DfE and MPs for a fairer funding deal for children and young people in North Yorkshire. However, in the absence of national funding solutions either to demand management or increased funding, it is essential that the local authority, in conjunction with school leaders, continue to review and develop cost reduction measures to ensure a financially sustainable position in the medium-term.
- 5.2 In summary, the impact of significant increases in funded EHC Plans and demands for special school placements places a recurring pressure on the local authority High Needs Block of **£5.5 million in 2018/19 rising to £10-13m by March 2022.**
- 5.3 As set out in Item 2.1, Schools Forums have the authority to agree to transfer 0.5% of Schools Block funding into the High Needs Block to alleviate financial pressures, after taking into account the views of schools and academies. Any transfer above 0.5% needs approval from the Secretary of State.

6.0 RECOMMENDATIONS

- 6.1 That Schools Forum:
- Receive the report and notes the financial implications

STUART CARLTON

Corporate Director – Children and Young People's Service

Item 2.1a: Appendix 1

Article taken from The Yorkshire Post – Wednesday, 15 August 2018

COUNCIL BATTLING £11M HOLE IN SCHOOLS BUDGET

Difficult decisions ahead as special needs bill soars

The Yorkshire authority serving England's largest county faces having to make "some very difficult decisions" to balance its books because of the rising levels of support required for children with special education needs.

North Yorkshire County Council leader Carl Les told The Yorkshire Post that its children and young people's budget faces an overspend of £10.8m by the end of the financial year if urgent action is not taken.

He said the authority had seen an unexpectedly big rise in the number of children coming forward with special educational needs statements, which set out a child's learning difficulties and the help that will be given.

Coun Les said: "We need a strategy to address that otherwise the budget will go out of control and there is no way we are going to let the budget go out of control."

Earlier this year, a coalition of unions and 39 local authorities across the country warned that schools are being starved of the funding they need to support vulnerable young people with special educational needs.

The issue has emerged as a major pressure on county authorities, alongside the increasing proportion of their budgets being given over to adult social care.

Local authorities have in recent years been expected to do more to support children with special educational needs, with parents applying more pressure on schools to take action.

The pressure facing North Yorkshire's authority comes as beleaguered Northamptonshire County Council, which needs to make £70m in savings to balance its books and has government-appointed commissioners to oversee its finances, confirmed further cuts yesterday at a meeting of its executive.

The Tory-run authority was handed a further blow yesterday when the High Court ruled that its decision to close 21 local libraries was made unlawfully.

Coun Les said senior officials in North Yorkshire were asked to come up with a savings plan after the scale of its projected over-spend emerged yesterday.

He said: "It will probably mean we will take some very difficult decisions. That is the difference between us and Northamptonshire.

"We started early and got ahead of the curve but we are also willing to take some difficult decisions to protect the integrity of the county council and the taxpayers that we serve.

"North Yorkshire County Council, which serves a population of more than 600,000, has lost £170m from its budget since the start of austerity in 2010.

In June, a coalition of unions and 39 local authorities across the country, including four in Yorkshire, wrote to Education Secretary Damian Hinds to raise "deep concerns" over provision for children with special educational needs and disabilities.

Amid warnings about the ability of local authorities to meet their statutory obligations, they called for urgent support and additional funding.

*Rob Parsons
Political Editor
15 August 2018*