

Report to:	Cabinet	Date of Meeting:	28 July 2022
Subject:	High Needs Funding 2022-23 Quarterly Monitoring Update		
Report of:	Executive Director of Children's Social Care and Education	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Education		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To inform Cabinet of:

1. The current position relating to the 2021/22 High Needs Outturn forecast.
2. The monitoring position of the High Needs budget position at the 1st June 2022 as per previous agreement to provide update on a quarterly basis:
 - The Dedicated Schools Grant – High Needs funding allocation for 2022/23
 - The forecast expenditure to year end based on current / anticipated Special Educational Needs and Disabilities support required during 2022/23.
3. Update on the 2022/23 Special Educational Needs Review / Sufficiency Programme aimed at bringing High Needs expenditure pressures back into a more manageable financial position in the future.

Recommendation(s):

That Cabinet is requested to:

Dedicated Schools Grant – High Needs Budget

- 1) Note the current position relating to the High Needs Outturn forecast for 2021/22.
- 2) Note the current forecast position relating to the 2022/23 High Needs Budget.
- 3) Recognise the financial risks associated with the delivery of the 2022/23 High Needs budget and acknowledge that the forecast outturn position will continue to be reviewed / reported to cabinet on a quarterly basis to ensure a more sustainable financial position can be achieved in the future.

Update on the 2022/23 Special Educational Needs Review / Sufficiency Programme

- 4) Note work undertaken in the implementation of the new High Needs Funding Model for Special Educational Needs and Disabilities placements in Special Schools and Alternative Provision Schools from April 2022
- 5) Note changes to Special Educational Needs and Disabilities placements for September 2022, both in Sefton and out of Borough.
- 6) Note and endorse the Capital Funding Plan (Section 7) for 2022 - 2024 and the

work being undertaken to ensure future Special Educational Needs and Disabilities placements and support can be delivered effectively, in-house where possible, within future High Needs budget allocations.

- 7) Consider the proposal to reinstate the previous High Needs Funding system whilst the Delivering Better Value (DBV) programme is ongoing.

Reasons for the Recommendation(s):

- 1) To ensure Cabinet are informed of the forecast outturn position in relation to the 2021/22 High Needs budget and the accumulative deficit position being carried forward against the Dedicated Schools Grant budget.
- 2) To provide an updated forecast financial position of the 2022/23 High Needs budget.
- 3) To ensure that the Special Educational Needs and Disabilities Review / Sufficiency programme can progress to provide sustainable and effective Special Educational Needs and Disabilities support for Sefton pupils within the available resources allocated through the Dedicated Schools Grant – High Needs Block.
- 4) To give settings more support through high needs funding which will likely reduce the requests for Education, Health and Care needs assessments.

Alternative Options Considered and Rejected: (including any Risk Implications)

N/A

What will it cost and how will it be financed?

(A) Revenue Costs

All financial implications are contained within the report

(B) Capital Costs

All financial implications are contained within the report

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): All implications are detailed in the report	
Legal Implications:	
Equality Implications: There are no equality implications.	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for	Y

report authors		
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Contribution to the Council's Core Purpose:

Protect the most vulnerable: allows a Sefton wide focus on educational support for children with Special Educational Needs and Disabilities
Facilitate confident and resilient communities: Proposals allow greater localised control and focus on the Special Educational Needs and Disabilities requirements of the borough of Sefton in the review and delivery of Special Educational Needs and Disabilities Specialist Education Placements and Support Services
Commission, broker and provide core services: Proposals strengthen the role of Strategic Special Educational Needs Commissioning at a Sefton borough level and encourages greater collaboration with in-house Special Educational Needs and Disabilities Settings for better outcomes for children
Place – leadership and influencer: Proposals set out the road map for greater local control of Special Educational Needs demand / provision by the Council
Drivers of change and reform: Proposals allow for a Sefton wide focus on educational inequalities in provision for children with Special Educational Needs and Disabilities
Facilitate sustainable economic prosperity: Proposals allow for a broader financial focus on the borough of Sefton for education Special Educational Needs support
Greater income for social investment: Proposals allow for a broader financial focus on the borough of Sefton for education Special Educational Needs support
Cleaner Greener: The creation of more local in-house Special Educational Needs provision should reduce Special Educational Needs and Disabilities home to children's transport journeys and so reduce carbon emissions

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director Corporate Resources and Customer Services (FD. 6829/22) and Head of Regulation and Compliance (LD.5029/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Implementation Date for the Decision

Following the expiry of the "call-in" period for the Minutes of the Cabinet Meeting

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Appendices:

- 1) FAQs for Delivering Better Value Programme
- 2) Self-evaluation against high needs funding guidance
- 3) Finance
- 4) Alternative support in mainstream
- 5) Mainstream High Needs Funding and Pupil Numbers

Background Papers:

Council Report - High Needs Funding Update January 2022

1. Introduction/Background

- 1.1 Through the current High Needs review, a key feature was to develop a new funding model for High Needs Funding placements that was transparent, right-sized Special School budgets and provided stability for in-house placements. In January 2022, Council approved the implementation of new High Needs funding model from April 2022.
- 1.2 Although the new funding model addresses the key actions required within the review, the cost of implementing the new funding model may increase the projected High Needs Funding Block deficit by up £2m per year from 2022/23 subject to increases in central government funding, however this was still considered to be a more favourable financial outcome for the council than if the changes were not approved.
- 1.3 A further report was reported to February 2022 Cabinet by the Director of Children's Social Care and Education providing further information on the future high needs funding allocation and the latest advice on funding methodology and the treatment of deficits held by Councils.
- 1.4 This report provides an update on the forecast High Needs budget outturn position for 2021/22, including the projected accumulative deficit position on the High Needs Block. It also contains proposals for supporting children and young people within mainstream and maintained school placements through alternative funding methods and utilising the Special Educational Needs and Disabilities Capital funding to future proof placements and address sufficiency requirements..
- 1.5 Members are provided with the first quarterly update of the forecast financial position for the High Needs budget for the 2022/23 financial year from June 2022.
- 1.6 The Executive Director Corporate Resources and Customer Services has provided Members of the latest estimate of High Needs capital expenditure for 2021/22, the new High Needs grant allocations for 2022/23 and 2023/24 and forecast expenditure for 2022/23 and 2023/23 within the Quarterly Capital monitoring report. The development and deployment of the High Needs Capital programme is essential in supporting Special Educational Needs sufficiency

programme.

- 1.7 This report also provides an update on proposals in relation to managing the High Needs Funding support to schools and the sufficiency plans for the Local Authority to ensure that there are an appropriate number of maintained specialist placements available to meet demand. This includes plans for Capital investment, how this will be funded and how the programme will be monitored.
- 1.8 This report needs to be read in the context of the recent Department for Education announcements about the Delivering Better Value Programme that Sefton will be taking part in from Autumn 2022. This programme is intended to support Local Authorities with a significant deficit in their High Needs Budgets to be more able to manage within budget after the 2-3 year programme and support from Department for Education Advisors has concluded. Further information regarding the programme is available in Appendix 1.
- 1.9 This report should also be read in the context of the recent Special Educational Needs and Disabilities Green Paper Consultation, which proposes the concept of a national banding and funding framework to ensure consistency of placement costs across the entire country. The implementation of such proposals (timeframes have not yet been established if this is to be implemented) will have a wider, longer term impact upon the High Needs Budget in the future.
- 1.10 On the 23rd June 2022, a letter was issued by Will Quince regarding guidance on managing high needs budgets following research carried out with 10 local authorities that are seen to be managing their high needs budgets more effectively, with the intention of identifying positive practice that can be transferred to other areas. A self-assessment has been carried out against the 10 recommendations from the report and this will be used to inform discussions as part of the Delivering Better Value. The full report can be see here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1084458/DFE_HIGH_NEEDS_FUNDING_Budget_case_study_report.pdf
- 1.11 In this situation the Council has 2 objectives:
 - i) To provide a first class service in accordance with best practice and government advice and support those who need it; and
 - ii) To ensure that this service is financially sustainable, with the Council's annual expenditure being within government funding that is allocated and in addition repays the deficit owing.

2. High Need Outturn Position 2021/22 at March 2022.

- 2.1 In February 2022 Cabinet was informed that the 2021/22 High Needs Budget was estimated to be overspent by -£3.2m, which when added to the accumulated deficit being held against the Dedicated Schools Grant High (DSG) Needs budgets of -£8.249m would increase the financial deficit position up to -£11.45m.

2.2 The final High Needs Budget overspend for 2021/22 has increased by £1m and closed at a -£4.2m overspend. This was largely due to extra pupil placements that had not been captured in the last High Needs report. The Special Educational Needs Team has faced unprecedented levels of Education, Health and Care Assessments over the past 12 months, leading to a higher than predicted number of pupils requiring specialist placements at a point where there were no maintained spaces available in Sefton. This resulted in higher than anticipated need for Independent provision. This increased the accumulative High Needs deficit position being carried forward into 2022/23 to -£12.45m.

2.3 Sefton High Needs funding increased by £4.973m (+13.83%) in 2022/23 although the overall increases available to support Sefton's High Needs commitments is smaller due to deductions of -£0.738m for the direct payment for places at Independent / Non-Maintained special schools and Colleges of Further Education paid directly by the Education and Skills Funding Agency.

3. Sefton's High Needs Funding / Budget position 2022/23

3.1 Despite this increased level of funding in 2022/23, the initial budget forecasts indicate that this will not be sufficient to meet the additional cost pressures on High Needs this year.

3.2 The base High Needs Budget forecast is showing an overspend of -£1.5m in 2022/23. This is due largely to the full-year effect of High Needs placements from 2021/22 along with the implementation of the new High Needs Place funding formula for Special Schools; Pupil Referral Units and Resourced Units, approved by council in January 2022.

3.3 In addition to the base forecast of a £1.5 million deficit, the number of children requiring specialist Special Educational Needs and Disabilities placements is projected to increase by 53 in September 2022. The budget forecast for 2022/23 does not include any commitments to support this increase in demand.

3.4 There are currently no internal placements with Sefton Schools to accommodate this additional demand and so if the children are placed Out of Borough in Independent Schools it could increase the deficit in 2022/23 by a further £1.8m – (full-year £3.1m)

3.5 To mitigate costs by increasing capacity within Sefton it has been agreed to rent 3 additional temporary classrooms from September 2022 along with minor building works to several existing classrooms using the High Needs capital budget. This work will create 45 additional placements. The additional cost of the internal placements is estimated as £810-900,000 which is £900-990,000 less than if the children were placed Out of Borough. However even with this measure, this would mean that an initial updated forecast for the 2022/23 budget would mean a projected deficit of -£2.3-4 million. A deficit outturn position on the High Needs budget of £14.7-£16.4m would be in place should this position materialise. At this stage it is not considered that any further options exist to mitigate this increase in year however this will continually be tested and will be a key subject within the first discussion in the Delivering Better Value Programme.

4. Mainstream support – Current position

- 4.1 A review of high needs funding in mainstream schools took place to establish best practice across other Local Authorities and develop a system which meets the needs of children and young people in Sefton. The focus of the proposed new system was to develop a framework which meant there is less reliance on 1:1 support in schools. A group funding model is available for schools to apply for in order to creatively meet the needs of the pupils in their settings.
- 4.2 The Inclusion Service has been developing its support offer to mainstream schools which will be finalised and shared with schools ready for the Autumn Term 2022. This will set out to schools the support available from the Autism Spectrum Disorder/Social Communication Team, the Inclusion Consultant offer, Sensory Team support (hearing and visual needs) and social, emotional and mental health support. The intention of this offer is to support schools in providing appropriate placements for children in mainstream schools with the intention of reducing the demand for Education, Health and Care assessments and the Education, Health and Care Plans that are produced as a result. This would in turn assist in reducing the pressure upon special school placements as highlighted below in Section 6.
- 4.3 As discussed above, it is evident that the freeze on new mainstream High Needs Funding has had an impact on the number of Education, Health and Care needs assessments that have been requested putting increased pressure on the Special Educational Needs Team. Further, the 20 week period where an Education, Health and Care needs assessment takes place prior to being able to apply for funding has likely contributed to placements breaking down and subsequent requests for specialist provision. In the research discussed in 1.10, it is highlighted that in the authorities whereby there is a mechanism to apply for High Needs Funding without the need for an Education, Health and Care Plan, the numbers of Education, Health and Care Plans have reduced over the past 3 years. The freeze on High Needs Funding was intended to be a short term solution whilst the review was ongoing however considering the length of the Delivering Better Value programme it is proposed that the previous system is reinstated giving settings the option to apply for High Needs Funding as part of their graduated approach.
- 4.4 Appendix 3 sets out the breakdown of the funding figures and pupils numbers receiving High Needs Funding over the past 4 years with total figures and a split between Pre-Education, Health and Care Plan figures and the figures for those funded with an Education, Health and Care Plan. In contrast with the research highlighted above, the figures show the inverse trend since the High Needs Funding was frozen in 2020. The number of Education, Health and Care Plans funded in mainstream has risen significantly since that time, reflecting the rise in Education, Health and Care Plans in general during that same period. Whilst the funding levels for pre-Education, Health and Care Plan children has decreased slightly during the time period since the High Needs Funding freeze the funding levels for those with

Education, Health and Care Plan funding has increased significantly outweighing any benefits from the freeze on pre-Education, Health and Care Plans.

4.5 Additionally, as an unintended consequence of this action, the Special Educational Needs Team has faced significant capacity issues over the past two years with the increase of Education, Health and Care requests affecting timeliness of assessments due to the volume now involved. This has also had a detrimental impact on the capacity of the Educational Psychology Service and the time spent by schools on Education, Health and Care requests. Whilst no clear causal link can be evidenced there must also be some caution placed on how many additional special school placements have resulted from this freeze, as pupils who could have had their needs met pre-Education, Health and Care Plan with funding have instead gone through the Education, Health and Care process and had conversations resulting in a parental preference for specialist placement that otherwise may not have been the case had they received funding support pre-Education, Health and Care Plan.

4.6 As a result of this it is recommended for Cabinet to agree to unfreeze the High Needs Funding for mainstream schools whilst the Delivering Better Value Programme takes shape over the next 3 years and enable a highly structured and supportive pre-Education, Health and Care Plan High Needs Funding programme to be implemented for mainstream schools to access.

5 Mainstream Support - Developing alternative support mechanisms

5.1 As part of the work to provide more support and flexibility to mainstream schools, just under 18 months ago the Local Authority commenced a group funding approach to supporting need. This has been in place across a small number of mainstream settings over the past academic year, enabling the schools to deliver more bespoke group support to pupils with high levels of need rather than the traditional option of providing a 1:1 teaching assistant to a child. National studies had reported that the impact of a 1:1 teaching assistant on a pupil's outcomes can be limited. In financial terms it has also increased budgetary pressures upon both the Local Authority High Needs Budget and schools' own budgets, requiring schools to contribute £6000 for every child and the Local Authority to then top up that amount by up to £9-10k per child to provide the 1:1. The group funding approach has instead been more flexible, enabling both schools and the Local Authority to generate savings whilst at the same time provide more tailored, small group support to children. The model varies between schools depending on the needs of the children with a number of primary schools and 1 secondary school engaging to date with this approach.

5.2 The impact is being measured and schools have begun to submit reports to demonstrate this.

5.3 The number of children and young people with social, emotional and mental health difficulties is rising across the country. This is leading to an increase in

children and young people who are unable to attend education. To support this, teams within Education Excellence are developing a graduated approach to meeting this need which will support better educational outcomes as well as addressing some of the sufficiency difficulties with regards to specialist provision for Social, Emotional and Mental Health difficulties.

6 Specialist Placements, sufficiency proposed and current projects

6.1 As described previously in this report, the strains placed upon the High Needs Budget originate not just from funding models as addressed in the preceding two sections, but also from the cost of Independent out of Borough specialist placements, the majority of which are due to a lack of sufficient maintained places within Sefton special schools and resourced provisions. This lack of spaces has resulted from the significantly increased number of Education, Health and Care Assessments and resulting Education, Health and Care Plans that have been processed over the past 7 years since the Children and Families Act 2014 came into force.

6.2 This increase is demonstrated by the table below which reflects the year on year change in Education, Health and Care Plans in just the Reception year of schools since 2018:

Year started in reception	Numbers with Education, Health and Care Plan	% Resourced/ specialist	% Mainstream
2018	19	79	21
2019	23	65	35
2020	30	73	27
2021*	33	58	42
2022**	87	52	22

*There have been 5 requests for change of placements from mainstream this academic year as the placement has broken down bringing the resourced/specialist percentage to 72%

**There are a number of children still undergoing Education, Health and Care needs assessment hence the incomplete figures. It is estimated that at least another 15% will be placed within specialist or resourced provision

6.3 Sufficiency work carried out in Summer 2021, shows a projected shortfall in specialist places for children and young people with Autism Spectrum Disorder (32) for year 7 spaces, and for Social, Emotional and Mental Health difficulties (SEMH) (up to 817) from 2022-2026. It must be stressed that for all of these forecasts and for the SEMH population as a whole particularly, these figures are very much worse case scenario forecasts with no change to current trends.

6.4 If the shortfall in specialist places is not addressed through increasing placements within the maintained schools in Sefton, this will result in further increased independent placements at a high cost per placement. As an example, one place in an Independent provider for a pupil with Autism Spectrum Disorder can cost a minimum of £70,000 with costs often higher than this. If the 32 Autism Spectrum

Disorder places are provided in that way it would result in an increased cost of £2.24million per annum.

Current Capital Projects for 2022/23

- 6.5 In order to address this sufficiency concern, the Local Authority will need to invest in Capital projects to increase the capacity within existing Sefton schools to enable them to provide more placements, and then further increase commitments within the High Needs Budget to fund those places year on year. This funding should come from increases in central government annual budget allocations and would support financial sustainability as opposed to any additional funding merely being used for expensive out of borough placements.
- 6.6 Part of this process has already commenced to increase capacity for September 2022 as described below. This includes the use of portacabins and internal adjustments to current spaces.
- 6.7 It was expected that the Grange would have additional capacity in September 2022 for an early years/key stage 1 Social, Emotional and Mental Health provision however discussions are ongoing and therefore this project is included within the recommendations for inclusion in the 22/23 and 23/24 capital plan.

The following projects have previously been agreed from revenue funding or Special Educational Needs and Disabilities capital funding from 21/22.

Name of setting	Area of need	Number of places
Rowan Park	Autism Spectrum Disorder /Severe Learning Difficulties	6-8
Rowan High	Autism Spectrum Disorder	8-10
Crosby High School	Moderate Learning Difficulties	10-13
Redgate Primary School	Complex Learning Difficulties	6-8

Future Capital Projects for consideration for approval

- 6.8 As part of this report Cabinet are requested to endorse a number of Capital Projects as set out below all of which will be approved in accordance with Financial Procedure Rules. These are all in line with identified sufficiency requirements from September 2022 onwards.
- 6.9 In line with sufficiency work, the LA must increase the number of specialist places available for children and young people with Social, Emotional and Mental Health difficulties. With the confirmed closure of St Teresa's, the Local Authority is working with the archdiocese to modify the building to create a satellite for Newfield School. The site would be tailored for key stage 1 and 2 children with

Social, Emotional and Mental Health difficulties. There are ongoing discussions around the lease and as such detailed costings have not been provided yet hence the approximate costings. This is crucial not only for the increasing need within the younger cohort but also due to the large number of young people in Key Stage 3 and 4 who are being educated in out of borough placements due to Newfield being full. Utilising the St Teresa's site would free up spaces on the main site.

- 6.10 The Grange Primary School has resourced provision for children with Social Emotional and Mental Health from Key Stage 2 and could accommodate a further class for Early Years/Key Stage 1. It is important that there is equity in provision in the north and the south as transport costs and time must be taken into account.
- 6.11 It is proposed that the Complimentary Education service will move into Litherland Moss Primary School to be able to expand the service to meet the needs of the increasing children and young people with significant anxiety which means that there will be an enhanced offer for proactive work to be carried out. Further to this, there is ongoing exploration of registering Complimentary Education as a school to give the option of full time education where appropriate.
- 6.12 Freshfield Primary School have resourced provision for children with Autism Spectrum Disorder. With an additional classroom, they could support an additional 6-8 pupils (dependent on the needs of the children) at Early Years/Key Stage 1 age.
- 6.13 Rowan High and Presfield have proposed a bespoke post-16 provision for young people with Autism Spectrum Disorder which aims to provide greater post 16 choice, bespoke to students needs and build resilience and increase independence. Running costs have been provided but capital costs are yet to be explored. This would create up to 62 spaces.
- 6.14 Rowan Park and Crosby High are temporary solutions to the increase in need for September 2023. Portacabins are being used to accommodate extra classes which are on 5 year leases. It is recommended that a long term solution is built into the below projects.
- 6.15 The LA has allocated £210,000 to Formby High from the capital funding in 21/22. Formby High have put forward a further proposal for a new block within the school which will support up to 40 children with Special Educational Needs and Disabilities. They have demonstrated that they are able to meet the needs of complex children and young people who would have otherwise been placed in specialist or resourced provision.
- 6.16 Rowan Park have worked to develop a proposal for a further 6 children with profound and multiple learning difficulties (PMLD) through making adaptations to a current classroom. The funding has been committed from the Special Educational Needs and Disabilities Capital Funding via a project agreement.

6.17 Marshside Primary School have identified a cohort of children with complex Autism Spectrum Disorder needs joining their Reception class in September 2022. These children already have high levels of support in their current nursery settings and will require similar levels of support in Marshside. Rather than attach a 1:1 Teaching Assistant to each pupil the school have instead opted to create a bespoke group provision for the cohort with the support of the Autism Spectrum Disorder/Social Communication Team and the Inclusion Consultants. This will require some building adaptation to repurpose an existing room in the school to accommodate them costing £25,000.

6.18 Below is a table of the proposed plans to be considered.

Date	Name of setting	Area of need	Number of places	Capital costings
September 2022	Rowan Park	Profound and Multiple Learning Difficulties	6	£17,000
September 2022	Marshside Primary School	Autism Spectrum Disorder	7	£25,000
January 2023	Newfield (St Teresa's)	Social, Emotional and Mental Health	28	Approximately £500,000
January 2023	The Grange*	Social, Emotional and Mental Health	8-10	£45,687
Spring 2023	Complimentary Education	Social, Emotional and Mental Health	TBC	Approximately £500,000
September 2023	Freshfield Primary School	Autism Spectrum Disorder	6-8	£331,903
September 2024	Rowan Park (permanent build for portacabin)	Autism Spectrum Disorder	6-8	£521,000 (approximate based on previous projects)
September 2024	Crosby High (permanent build for portacabin)	Moderate Learning Difficulties	10-13	Cost tbc**

September 2024	Rowan High and Presfield 6 th Form	Autism Spectrum Disorder	72 (by year 3)	Cost tbc**
TBC	Formby High	Complex Learning Difficulties	Up to 40	£210,000

*Revenue costs of £52,187 plus annual rental of £35,880 for a 5 year lease

** Work is ongoing to establish these costs

As each capital proposal is developed consideration will be given to not only the capital costs and ongoing revenue costs, but also the annual impact on the high needs budget with the aim of the council moving to a position of living within its means on an annual basis. Further detail will then be provided on the impact on the overall high needs deficit.

Future Project Planning

- 6.19 Further to the above plans within the current Special Educational Needs and Disabilities Capital Funding, from September 2025, there will be a cohort of children transitioning to secondary school from primary Autism Spectrum Disorder resourced provision who will likely require a provision which can meet the needs of children with Autism Spectrum Disorder and/or Severe Learning Difficulties. Sefton's current provisions which cater for these pupils (Rowan Park and Merefield have no space to accommodate these pupils). Further tracking work will be required to evaluate the impact of the support in place now as well as the impact of the pandemic and planning will need to take place with the primary schools as well as Rowan Park and Merefield to ensure appropriate provision is planned.

7 Evaluation of sufficiency plans

- 7.1 The proposals in 6.9, 6.10 and 6.11 will create a minimum of 36 places for children and young people with Social, Emotional and Mental Health difficulties. The proactive work that is starting in Educational Excellence will be preventative work to avoid more children and young people needing specialist provision. This will in turn lead to more pupils being supported within their communities and lower annual costs than would otherwise be the case under the current provision that is available.
- 7.2 The proposals in 6.12 and 6.13 would create up to 70 places in Autism Spectrum Disorder provision meeting the current sufficiency concerns
- 7.3 As highlighted in the paper "[High needs budgets: effective management in local authorities](#)", data is key to being able to adequately plan for future need and whilst a piece of work has taken place around this, further work is taking place around the data systems available in order to support the planning of need going forward. It is acknowledged that Special Educational Needs and Disabilities is a changing landscape and flexibility will always be required, particularly as the effects of the

pandemic on children and young people are fully realised however a robust method of trend analysis will be important in having sufficient provision in place.

8 Monitoring and Review

- 8.1 The progress in relation to sufficiency, mainstream inclusion and the impact on the High Needs Budget will be monitored through existing management reporting processes. Service Managers for Special Educational Needs and Disabilities and Inclusion will report to the Assistant Director for Education who in turn will ensure regular reporting to ELT and Cabinet. A quarterly report to Cabinet is already agreed to be in place and will continue to provide a mechanism to ensure that the Leaders of the Council remain fully informed.
- 8.2 In terms of rigour for special school placement, the Special Educational Needs Team already have a Complex Cases Panel consisting of the Senior officers and the Service Manager for Special Educational Needs and Disabilities that oversees any independent placements to ensure that all maintained options have been exhausted before such a placement has been agreed. This will continue to operate to ensure that such rigour remains in place.

9 What will success look like?

- 9.1 As previously stated in Section 1.11, in this situation the Council has 2 objectives:
 - i) To provide a first class service in accordance with best practice and government advice and support those who need it; and
 - ii) To ensure that this service is financially sustainable, with the Council's annual expenditure being within government funding that is allocated and in addition repays the deficit owing.
- 9.2 In order to fulfil these objectives, success will look like as set out below.
- 9.3 Children and young people are supported within their local area and good outcomes are demonstrated. Pupils are well supported within their local mainstream school where appropriate and there is a quality offer of support available for pupils and settings.
- 9.4 The group funding model is utilised by an increasing number of schools to reduce the need for reliance on 1:1 support, thereby improving provision and outcomes for those children and as an additional success factor, reducing the overall burden on the High Needs Budget.
- 9.5 As a result of increased inclusion within mainstream and the creation of further maintained specialist placements, Sefton Council will have a sufficient number of maintained specialist Special Educational Needs placements available that are appropriate to meet the demands for specialist provision based on current and forecasted numbers.

- 9.6 Such placements will be appropriately resourced to enable children and young people to be successfully supported within Sefton's own schools and providers, reducing the demand for more expensive, independent out of borough provisions.
- 9.7 Over a 4-5 year period there is a reduction of pressure on the High Needs Budget with the Council moving to a position of financial sustainability and being able to live within the set budget year on year. It should be noted that the move to financial sustainability will take this period of time to take effect. Increasing inclusive practice within mainstream settings will include changes to culture and practice which can take a period of years to take full effect for the difference to be felt in terms of the numbers remaining within mainstream and not requiring specialist placements. Initial investment into additional maintained special school places will also increase the pressure on the High Needs Budget in the short term. However, this increase will be relatively much smaller than if those places had instead been allocated to independent settings as set out in Section 3 above. Similarly, when High Needs Funding becomes available before an Education, Health and Care Plan, there will be an initial surge in mainstream schools applying for the funding as it becomes available and there will be an increase again in funding allocated to mainstreams pre-Education, Health and Care Plan. However, over a period of 12-18 months there should then be a decrease in the amount of funding with Education, Health and Care Plans in mainstream as more pupils had had their needs met at an earlier stage in the process. This should then also produce a plateau in the numbers of children requiring specialist provision rather than the year on year increases currently being seen. As increasing numbers of children remain within the maintained mainstream and specialist sectors over the years and the number moving to independent places reduces, then the pressure on the High Needs Budget will start to reduce, moving to a position of financial sustainability at the end of that cycle.
- 9.8 This paper therefore sets out the strategic approach to meeting the sufficiency requirement and how these plans provide better value for money and are cheaper than external provision which would be the only option should these proposals not take place. Having provided members with visibility on these, this strategic approach will be shared with the Delivering Better Value Programme and any further proposals will be developed that can support the council's stated objectives. In addition, following this report, a detailed 5-year budget forecast will be developed that will outline the forecast annual position and impact on the high needs budget deficit and this will be reported in the next cycle. This report suggests that a period of 4-5 years maybe required to reach an annual break even position, however the aim of the Delivering Better Value Programme is to get to that position in 2-3 years therefore that will be the subject of discussion as to how these can align and improvements be made to accelerate the programme.
- 9.9 Members will recall through previous budget reports and reports on High Needs Funding that clarity has been sought from Central government over a number of years as to how High Needs Deficits should be treated by councils. The fact that deficits exist and that a number of councils are on the Department for Education

Safety Valve project (for those councils with the highest deficits) and nearly one third of councils in England are working with the Delivering Better Value Programme (for those with substantial deficits) reflects the scale of the financial problem. Firm guidance has yet to be provided as to how these deficits should be treated and how they should be 'paid back' or 'met'.

- 9.10 The proposals contained within this report will further improve the system that impacts the High Needs Budget and over time will lead to financial sustainability. This will be supported by the Delivering Better Value Programme which aims to support councils in achieving annual sustainable budgets within a 1-3 year period. In the event however that central government changes the current ringfence around the High Needs Budget and councils are required to meet this from the general fund budget or reserves then the proposals within this paper will need to be revised in order that financial sustainability is reached in a shorter time period to protect the council's wider finances as meeting a £12m deficit (end of March 2022) will require significant decisions to be made by the council. As such if the protection currently offered to this budget changes, the council will also need to change its approach. At present there is a suggestion that this ringfence will be removed in March 2023 however the council is advised that this will be the subject of ministerial discussion during the autumn that will lead to decision. As soon as this is received this will be reported as part of this quarterly cycle to both cabinet and council

10 Risk of no action

- 10.1 Should the decision be taken not to approve the recommendations within this report there are several risks which should be fully considered by Cabinet.
- 10.2 The paramount risk is loss of learning for children and young people. There are currently not enough spaces locally both within maintained and independent provision for pupils and this could result in a number of children out of school.
- 10.3 Having pupils either out of school or inappropriately placed could have a huge impact on the council's reputation with large amounts of tribunals, complaints and risk of press involvement.
- 10.4 If the recommendations are not approved there is a risk of council services being unable to meet their own aims and objectives in relation to supporting children and young people in their local settings, and also in being unable to meet the proposed aims and objectives set out in the Special Educational Needs and Disabilities Green Paper.
- 10.5 Financially, the risk of no action means that children and young people will continue to require large numbers of places in specialist provision. If no maintained provision is created and if spaces are available in independent provision then the Local Authority would have no choice but to place children in

these settings. A placement in an independent provision for 1 year can range from £27,500 to over £100,000, with the average currently approximately £53,000 per year. This would be at an additional cost of over £8 million per year. This would add to the annual budget deficit, in turn meaning that the Council will not reach a position of financial sustainability for its High Needs Budget. This in turn could compromise the overall financial management of the Council.

11 Next Steps

- 11.1 The recommendations within this Cabinet Report are the initial steps in the work to ensure that Sefton Council has a long-term strategy in place around Inclusion and Special Educational Needs and Disabilities and to reach a position of financial sustainability. The following steps will follow on from this report to continue the work towards this position.
- 11.2 Further support for Special Educational Needs Coordinators around group funding (and if approved by Cabinet funding availability before an Education, Health and Care Plan) will be put into place and the inclusion offer will be implemented from the Autumn Term 2022. This will include the drawing up of an Inclusion Strategy for Sefton.
- 11.3 The Local Authority will be engaging in the Delivering Better Value Programme in the autumn of 2022. An initial 6-month analysis and review period will be followed up with a 2–3-year implementation based upon its findings.
- 11.4 The impact of the Special Educational Needs and Disabilities review will be evaluated following the Green Paper consultation and any subsequent changes to legislation. The exact timeframes on the implementation of national changes after the Green Paper currently remain unclear, although work will be undertaken to ensure the Council works towards the proposals made in the consultation so as to be in as strong a position as possible in anticipation of the changes to be made.
- 11.5 The impact of this area of need will be felt within the next 4-5 years and planning for this area will need to be prioritised as an immediate follow on to this current sufficiency plan to ensure the Council is prepared for this. Data systems need to be developed in order to be able to provide accurate forecasting for future need. Work is due to start on this with colleagues in data and ICT services. Forecasting will initially be difficult in the coming years as we seek to understand the long-term impact of Covid on children and young people.
- 11.6 Due to the scale of the work required to take place in terms of Capital, it is recommended that a Special Educational Needs and Disabilities Capital working group is established to monitor the progress of the plan. Work is ongoing to establish full costs for the projects. This should include a range of partners to ensure strong multi-agency and coproduction working

Appendix 1- FAQs for Delivering Better Value (DBV) Programme stakeholders

What is the Delivering Better Value programme?

The new Delivering Better Value programme will provide dedicated support and funding to 55 local authorities. We have been selected as one of those authorities and will receive support to reform our high needs systems with the aim of improving delivery of Special Educational Needs and Disabilities services for children and young people while ensuring services are financially sustainable.

Why have we been chosen?

We have been selected as one of the 55 of the next set of authorities with the highest Dedicated Schools Grant deficits (based on 2020-21 accounts) after those selected for the 2022-23 safety valve programme.

Who is delivering the programme?

Newton Europe, in collaboration with the Chartered Institute of Public Finance and Accountancy (CIPFA), will deliver the Delivering Better Value programme, backed by £85m funding over 3 years from 2022-23.

They will bring experience of working with local authorities to improve social care, alongside project management, change management, and analytical financial modelling capacity. With Special Educational Needs and Disabilities financial and practice advisers, they will support us to engage with key stakeholders and conduct a comprehensive diagnostic process to identify the opportunities to reform our high needs system.

The Department will then work with us to determine which identified reforms to fund and will provide small grants directly to implement and embed these reforms.

Why have Newton:CIPFA been chosen?

The Department for Education's tender panel, which included local and central government colleagues and Special Educational Needs and Disabilities experts, chose the Newton and Chartered Institute of Public Finance and Accounting (CIPFA) partnership as our preferred delivery partner to support the delivery of this crucial programme.

Newton works as a transformation and improvement partner to local authorities and Chartered Institute for Public Finance and Accounting is the local government accounting standard setter in the UK. Between them, they have worked with hundreds of public sector organisations, particularly UK local authorities, have a comprehensive understanding of children's services and the Special Educational Needs and Disabilities agenda, and set out an approach that is:

- **Outcomes-focussed.** Both organisations have worked extensively alongside local authorities to transform how services are delivered. Their focus is always on improving resident outcomes and ways of working, and consequently sustainably improving financial performance.
- **Evidence-based, data-driven and delivery-focussed.** Newton and Chartered Institute for Public Finance and Accounting take a partnership approach to working with local authorities to create robust plans which will have a measurable

and sustainable difference, and as delivery partners understand the challenges associated with implementing change.

- **Rooted in co-production** : The organisations believe any programme of work needs to be co-produced, bespoke, and based on detailed evidence of each local area – balancing visibility and assurance with local autonomy to genuinely add value to existing work.

What are the timescales for the programme?

The programme will be running over the next two years. By way of immediate next steps, Newton and Chartered Institute for Public Finance and Accounting will be jointly reaching out to all authorities to set up initial conversations. This will be an opportunity to discuss and understand the existing position of our Special Educational Needs and Disabilities improvement work. A named Newton and Chartered Institute for Public Finance and Accounting contact will then work with us to co-create the Diagnostic offer for our system. This will be done in coordination with the local area Special Educational Needs and Disabilities advisors.

What will the diagnostic phase involve?

We anticipate that the diagnostic phase will involve workshops, data analysis, and key stakeholder engagement to: understand our existing processes; take stock of where we are, our ambitions, and what needs to be done; understand the strengths and weaknesses of our local partnerships; and construct options for us to consider as part of action plans that will be proposed back to the Department for Education. The exact components of the diagnostic phase will be determined by where we are in our improvement journey and what we already have in place.

How will local stakeholders be involved in the programme?

Local stakeholder engagement will be vital to ensure everyone has fed into the plan and has bought into the outcomes the local area wants to achieve together. Newton:CIPFA will support this engagement.

The Department is engaging with schools forums as part of the development of the programme. We expect that local schools forums will be consulted as part of the Diagnostic phase. It is also expected that local Parent Carer Forums (PCFs) will be involved in the diagnostic phase of the programme.

A Sector Steering Group (SSG) will provide sector-led advice, support and steers to the Department in the delivery of the programme ensuring a channel of feedback for participating LAs and the wider sector. It will also ensure learning is shared more widely with the sector.

Appendix 2- Finance

The following table showing the year-on-year effect of changes to High Needs funding from 2021/22 to 2022/23 and provides an overview of the makeup of Sefton's High Needs Funding.

HIGH NEEDS FUNDING ANALYSIS	Revised (Nov 21) 2021/22	Initial 2022/23	Variation
	£m	£m	£m
High Needs Formula			
Historic based funding 50% and Proxy Factor Funding 50% before deductions for recoupment by the DfE	£32.563m	£35.843m	+£3.280m
ADD Area Cost Adjustment Basic Entitlement calculation - incl changes to population etc 2019/20 / 2020/21	£2.998m	£3.182m	+£0.184m
Additional funding earmarked for Maintained Special Schools & AP in respect of Teachers Pay increases; Teachers Employer's Pension costs and Supplementary pension costs covered previously by separate Grants up to 2020/21	£0.649m	£0.680m	+£0.031m
Adjusted Baseline comparison	£36.210m	£39.705m	+£3.495m
Import/Export of pupils between LA areas directly funded by the DfE - net adjustment to Sefton	£-0.246m	£-0.246m	+£0m
Less DfE deductions for Pre and Post 16 student places and others in Special Academies; Special AP; Colleges of FE etc directly funded by the ESFA	£-0.738m	£-0.738m	-£0m
2021/22 Indicative High Needs funding before any contributions from Schools and Early Years	£35.226m	£38.721m	+£3.495m
ADDITIONAL SUPPORT FOR HIGH NEEDS IN 2021/22 & 2022/23			
Add - agreed Schools Block contribution for 2021/22 (agreed SF Nov 20 / SF Jan 21)	+£0.430m	+£0m	-£0.430m
Add – Supplementary funding agreed as part of the Oct 21 Spending Review (£1.6bn)	+£0m	*£1.478m	+£1.478m
Total adjusted High Needs Funding excluding any Post 16 SEND Grant back to the LA for local Maint Special schools out of the deductions made above	£35.656m	£40.199m	+£4.543m
**Available for general HN's spending after taking out Special School and PRU Earmarked Pay and Pensions funding above	£35.007m	*£39.519m	+£4.512m

Appendix 3 – Mainstream High Needs Funding and Pupil Numbers

Funding					Pupils with EHC Plans					Pupils Pre-EHC Plan				
Curriculum Year	18-19	19-20	20-21	21-22	Curriculum Year	18-19	19-20	20-21	21-22	Curriculum Year	18-19	19-20	20-21	21-22
R 2 terms	£206,283.00	£332,902.00	£262,050.33	£276,779.00	R 2 terms	£50,814.00	£98,332.00	£88,840.33	£135,866.00	R 2 terms	£155,469.00	£234,570.00	£173,210.00	£140,913.00
1	£350,393.00	£424,589.00	£589,645.00	£699,647.00	1	£68,627.00	£112,249.00	£208,926.00	£276,912.00	1	£281,766.00	£312,340.00	£380,719.00	£422,735.00
2	£297,778.00	£454,186.00	£479,461.00	£544,785.00	2	£16,911.00	£80,152.00	£173,830.00	£291,993.00	2	£280,867.00	£374,034.00	£305,631.00	£252,792.00
3	£400,427.00	£376,579.00	£479,735.00	£486,712.00	3	£89,895.00	£51,235.00	£86,272.00	£207,426.00	3	£310,532.00	£325,344.00	£393,463.00	£279,286.00
4	£286,450.00	£483,777.00	£398,651.00	£520,616.00	4	£49,462.00	£133,927.00	£114,120.00	£108,926.00	4	£236,988.00	£349,850.00	£284,531.00	£411,690.00
5	£418,066.00	£395,032.00	£468,389.00	£386,096.00	5	£117,440.00	£83,415.00	£168,831.00	£107,556.00	5	£300,626.00	£311,617.00	£299,558.00	£278,540.00
6	£326,381.00	£514,384.00	£422,735.00	£544,581.00	6	£120,081.00	£284,230.00	£122,348.00	£302,995.00	6	£206,300.00	£230,154.00	£300,387.00	£241,586.00
7 - 1 term	£101,588.00	£159,456.00	£240,873.00	£193,254.00	7 - 1 term	£54,488.00	£58,003.00	£148,611.00	£113,916.00	7 - 1 term	£47,100.00	£101,453.00	£92,262.00	£79,338.00
7 - 2 terms	£183,092.00	£240,775.00	£330,585.00	£406,105.73	7 - 2 terms	£45,666.00	£79,122.00	£168,309.00	£302,674.48	7 - 2 terms	£137,426.00	£161,653.00	£162,276.00	£103,431.25
8	£261,250.00	£297,056.00	£394,902.00	£553,625.83	8	£89,286.00	£62,480.00	£184,443.00	£288,937.83	8	£171,964.00	£234,576.00	£210,459.00	£264,688.00
9	£201,836.00	£263,921.00	£284,153.00	£470,374.50	9	£114,069.00	£81,508.00	£73,166.00	£258,599.00	9	£87,767.00	£182,413.00	£210,987.00	£211,775.50
10	£199,639.00	£246,464.00	£260,860.00	£286,850.67	10	£105,107.00	£142,894.00	£69,548.00	£88,456.17	10	£94,532.00	£103,570.00	£191,312.00	£198,394.50
11	£250,985.00	£214,077.00	£289,630.00	£289,307.75	11	£145,890.00	£161,343.00	£223,539.00	£103,048.75	11	£105,095.00	£52,734.00	£66,091.00	£186,259.00
left - 1 term	£82,532.00	£94,132.00	£82,095.00	£138,922.00	left - 1 term	£50,562.00	£51,595.00	£60,206.00	£111,384.00	left - 1 term	£31,970.00	£42,537.00	£21,889.00	£27,538.00
TOTAL	£3,566,700.00	£4,497,330.00	£4,983,764.33	£5,797,656.48	TOTAL	£1,118,298.00	£1,480,485.00	£1,890,989.33	£2,698,690.23	TOTAL	£2,448,402.00	£3,016,845.00	£3,092,775.00	£3,098,966.25
Number of pupils					Pupils with EHC Plans					Pupils Pre-EHC Plan				
Curriculum Year	18-19	19-20	20-21	21-22	Curriculum Year	18-19	19-20	20-21	21-22	Curriculum Year	18-19	19-20	20-21	21-22
R 2 terms	52	81	62	68	R 2 terms	10	20	17	31	R 2 terms	42	61	45	37
1	51	66	82	86	1	11	16	23	35	1	40	50	59	51
2	47	70	65	73	2	3	11	23	33	2	44	59	42	40
3	61	63	76	78	3	10	9	15	33	3	51	54	61	45
4	55	70	59	78	4	10	11	17	18	4	45	59	42	60
5	64	67	64	58	5	14	12	19	17	5	50	55	45	41
6	57	79	65	78	6	20	39	19	38	6	37	40	46	40
7 - 1 term	38	55	73	65	7 - 1 term	20	20	44	39	7 - 1 term	18	35	29	26
7 - 2 terms	42	64	69	87	7 - 2 terms	10	21	34	59	7 - 2 terms	32	43	35	28
8	30	42	52	74	8	9	9	22	38	8	21	33	30	36
9	21	33	42	60	9	9	10	12	28	9	12	23	30	32
10	21	29	29	42	10	10	15	8	16	10	11	14	21	26
11	28	23	29	32	11	14	15	21	12	11	14	8	8	20
left - 1 term	25	26	20	29	left - 1 term	15	12	13	21	left - 1 term	10	14	7	8
TOTAL	592	768	787	908	TOTAL	165	220	287	418	TOTAL	427	548	500	490