

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	Thursday 3 <sup>rd</sup> November 2022
<b>Subject:</b>	High Needs Funding 2022-23 Quarterly Monitoring Update		
<b>Report of:</b>	Executive Director of Children's Social Care and Education	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Education		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

### Summary:

To inform Cabinet of:

1. The monitoring position of the High Needs budget position on the 1<sup>st</sup> of September 2022 as per previous agreement to provide update on a quarterly basis:
  - The forecast year end deficit position based on current SEND placement pressures and support for individual pupils with SEND required during 2022/23.
2. Update on the 2022/23 SEN 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:

DSG – High Needs Budget

- 1) Note the current forecast year-end deficit position relating to the 2022/23 High Needs Budget.
- 2) 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 SEN Review / Sufficiency Programme

- 3) Note work undertaken in the implementation of the new High Needs Funding Model for SEND placements in Special Schools and Alternative Provision Schools from April 2022
- 4) Note changes to SEND placements from September 2022, both in Sefton and out of Borough.

**Reasons for the Recommendation(s):**

- 1) To provide an updated forecast financial position of the 2022/23 High Needs budget.
- 2) To ensure that the SEND Review / Sufficiency programme can progress to provide sustainable and effective SEND support for Sefton pupils within the available resources allocated through the Dedicated Schools Grant – High Needs Block.

**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 relating to the creation of additional in-house SEND placements and alterations to SEND accommodation to support existing SEND demand are contained within the current HN capital programme for 2022/23

**Implications of the Proposals:**

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

**Contribution to the Council's Core Purpose:**

Protect the most vulnerable: allows a Sefton wide focus on educational support for children with SEND
Facilitate confident and resilient communities: Proposals allow greater localised control and focus on the SEND requirements of the borough of Sefton in the review and delivery of SEND Specialist Education Placements and Support Services
Commission, broker and provide core services: Proposals strengthen the role of Strategic SEN Commissioning at a Sefton borough level and encourages greater collaboration with in-house SEND Settings for better outcomes for children
Place – leadership and influencer: Proposals set out the road map for greater local control of SEN 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 SEND
Facilitate sustainable economic prosperity: Proposals allow for a broader financial focus on the borough of Sefton for education SEN support
Greater income for social investment: Proposals allow for a broader financial focus on the borough of Sefton for education SEN support
Cleaner Greener: The creation of more local in-house SEN provision should reduce SEND 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 (FD6978/22) and Head of Regulation and Compliance (LD 5178/22) 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:**

## **Background Papers:**

Council Report - High Needs Funding Update January 2022

High Needs Funding 2022-23 Quarterly Monitoring Update February 2022

High Need Monitoring Report – July 2022

### **1. Introduction/Background**

- 1.1 Through the current High Needs review, a key feature was to develop a new funding model for HN 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 addressed the key actions required within the review, the cost of implementing the new funding model increased the projected HN Block deficit by up £2m per year from 2022/23.
- 1.3 This report is to provide Members with the third update of the forecast financial position for the High Needs budget for the 2022/23 financial year from September 2022.
- 1.4 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.
- 1.5 This report needs to be read in the context of the Delivering Better Value Programme that will commence for Sefton from January 2023 in tranche 2 of the Programme. 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 DfE and financial Advisors has concluded. Further information regarding the programme was provided in the previous quarterly report.
- 1.6 This report should also be read in the context of the recent SEND 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.

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

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

22 To support anticipated increased numbers of SEND pupils requiring specialist support from September 2022 the Council agreed to the rental of 3 additional temporary classrooms along with minor building works to several existing classrooms using the High Needs capital budget.

23 Since the last report to Members there has also been over 18 SEND students placed in Out of Borough independent Schools, due to either parental preference or no in-house provision that could meet the individual pupil's needs.

24 The increase in internal and Out of Borough placements, along with the uplift to the High Needs Funding Model for 2022/23 mean that the updated forecast for the 2022/23 budget is currently a projected deficit of -£3.8 million.

25 The above deficit forecast does not take account of any further increase in the number of pupils requiring SEND support in the current financial year or any cost pressures that may arise from the proposed Pay Awards for both teaching and non-teaching staff for 2022/23 which are projected to be higher than the estimated budget uplifts contained in the current High Needs Funding Model.

26 An accumulative deficit position on the High Needs budget of £16.2m 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 discussions in the Delivering Better Value Programme.

## **3. Mainstream support – Current position**

3.1 The previous quarterly report provided an update in relation to mainstream school support and use of High Needs Funding. One of the approved actions from the previous report was to reinstate a system to provide High Needs Funding to mainstream schools prior to a pupil having an Education, Health and Care Plan (EHCP) to enable earlier intervention and support in schools.

- 3.2 This system is now in further development with a planned implementation date of Easter 2023 at the start of the new financial year. Further updates on the progress of this work will be provided in future quarterly reports to Cabinet.

#### **4. Mainstream Support - Developing alternative support mechanisms**

- 4.1 The previous Quarterly Report provided an update in relation to the use of group funding to enable schools to provide support for groups of children in their setting, rather than the continued use of 1:1 teaching assistants. This system now has a revised application process set up to run from the start of academic year 2022-23 which will provide greater rigour and scrutiny to the applications received from schools to ensure that the proposals are appropriate to the pupils' needs.

This process of support will continue, and further updates given on the progress and impact in future Quarterly update reports.

#### **5 Specialist Placements, sufficiency proposed and current projects**

- 5.1 As described in the previous Quarterly 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 EHC Assessments and resulting EHC Plans that have been processed over the past 7 years since the Children and Families Act 2014 came into force. Placement and sufficiency concerns are to be addressed through a range of measures, covering both procedure and rigour of decision-making for short and medium term funding decisions for placements, and also longer term Capital projects to increase maintained placement sufficiency.

#### **Decision-Making – process and rigour**

- 5.2 Complex Cases Panel will now only consider High Needs Funding requests associated with an Education, Health and Care Plan up to a value of £20,000. The Panel, lead by the Service Manager for SEND will place scrutiny around funding being requested to that it corresponds directly to the provision identified within the EHC Plan.
- 5.3 Any funding requests of a value exceeding £20,000, including requests for Independent, out of borough placements must be submitted on the appropriate High Need Funding Resource Request Form which is considered and approved at SLT level (usually Assistant Director for

Education) together with Service Manager for SEND.

- 5.4 Clear expectations are to be embedded that should a school/parent be requesting a change of school setting this will only be considered after a formal review of the EHCP. No decision will be made by the Case Work Officer until the rationale of any school move is discussed with Senior Case Work Officer/Service Manager following receipt of the review paperwork. A High Needs Funding request for Independent placements will only be presented to SLT when it is deemed all avenues have been explored within our maintained special/resource/mainstream setting and neighbouring authorities 'under reasonable steps'. The High Needs Funding application will also include any funding implications for health/social care/transport and confirmation that discussions have taken place on this basis.
- 5.5 Current Independent Out of Borough placements will also be reviewed for continuing suitability at appropriate transition points (for example, Year 6 to Year 7 and Year 11 to Post 16). This will ensure clear oversight of continuing Independent placements and full exploration of all maintained options to bring a pupil into Sefton maintained provision where appropriate at these stages.

### Capital Projects

- 5.5 In the previous Quarterly Report Cabinet approved a number of Capital projects as part of the recommendations to address current and future placement sufficiency concerns for specialist and resourced school provision.
- 5.6 Four projects were previously agreed for implementation for September 2022. Progress on these elements is set out below:

Name of setting	Area of need	Update
Rowan Park	ASD/SLD	Mobile classroom in place and in use
Rowan High	ASD	Mobile classroom in place and in use
Crosby High School	MLD	Mobile classroom in place. Final work to access pathway being completed
Redgate Primary School	CLD	Work underway to be completed this term.

- 5.7 Agreement was also given from the previous Quarterly Report to a number of projects planned for the 2022-23 and 2023-24 Capital Budget allowances. Of these projects updates are available on those in the table below:

Date	Name of	Area of need	Number of	Update
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	<b>setting</b>		<b>places</b>	
September 2022	Rowan Park	PMLD	6	Work completed
September 2022	Marshside Primary School	ASD	7	Work completed
January 2023	Newfield (St Teresa's)	SEMH	28	Initial site visits completed. Completion now scheduled for Easter 2023
TBC	Formby High	CLD	Up to 40	School now engaging architect to move forward with scheme. Anticipated completion date to be confirmed in due course.

5.8 Further updates will be provided as projects proceed.

### **Future Project Planning**

5.9 Further to the above plans within the current SEND Capital Funding, from September 2025, there will be a cohort of children transitioning to secondary school from primary ASD resourced provision who will likely require a provision which can meet the needs of children with ASD and/or SLD. Sefton's current provisions which cater for these pupils (Rowan Park is underway in relation to this cohort to provide more accurate forecasting and enable due consideration of the provision required. Further plans will be presented in future update reports.

## **6. Monitoring and Review**

6.1 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 SEND 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.



- 6.2 In terms of rigour for special school placement and High Needs Funding spend, the SEN Team will operate as set out in sections 5.2 – 5.4 above.

## **7 What will success look like?**

7.1 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.

7.2 To fulfil these objectives, success will look like as set out below:

- 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.
- 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.
- As a result of increased inclusion within mainstream and the creation of further maintained specialist placements, Sefton Council will have enough maintained specialist SEN placements available that are appropriate to meet the demands for specialist provision based on current and forecasted numbers.
- 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.
- 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 a period 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 much smaller than if those places had instead been allocated to independent settings.
- Similarly, when High Needs Funding becomes available before an EHC 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-EHC Plan. However, over a period of 12-18 months there should then be a decrease in the amount of funding with EHC 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.

7.3 This paper and previous Quarterly Reports 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 than can support the council's stated objectives.

7.4 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 may be 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.

7.5 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 DFE Safety Valve project (for those councils with the highest deficits) and 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'.

- 7.6 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 a decision. As soon as this is received this will be reported as part of this quarterly cycle to both cabinet and council

## **8 Risk of no action**

- 8.1 This report does not make specific recommendations for action from Cabinet as it is an update report and recommendations are for Cabinet to note the position and recognise the financial risks. In the previous report submitted in July 2022 recommendations were made for action which were approved by Cabinet at that time. As such this report does not carry a risk associated with no action as there are no actions for Cabinet to take.

## **9 Next Steps**

- 9.1 The recommendations within the Cabinet Report considered in July 2022 and the update in 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 SEND and to reach a position of financial sustainability. The following steps will follow on from this report to continue the work towards this position.
- 9.2 The LA will be engaging in the Delivering Better Value Programme in January of 2023. An initial 6-month analysis and review period will be followed up with a 2–3-year implementation based upon its findings.
- 9.3 The impact of the SEND 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 to be in as strong a position as possible in anticipation of the changes to be made.

- 9.4 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 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.