

TO: SCHOOLS FORUM
DATE: 15 JANUARY 2015

**UPDATE ON COST PRESSURES BEING EXPERIENCED ON SUPPORTING
HIGH NEEDS PUPILS AND PROPOSALS FOR THE 2015-16 BUDGET**
Director of Children Young People & Learning

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Schools Forum on the current cost pressures being faced in respect of High Needs Pupils, the actions proposed to manage cost increases and to seek agreement that recommendations are made to the Executive Member for Children, Young People and Learning in respect of budget changes to be made for 2015-16 that will result in a balanced budget.

2 RECOMMENDATIONS

That the Schools Forum NOTES:

- 2.1 **The latest forecast over spending in 2014-15 for SEN related budgets at £1.557m, an increase of £0.464m compared to that expected in August (paragraphs 5.9 and 5.10);**
- 2.2 **The main factor contributing to the increased costs remains unchanged and relates to additional numbers of post 16 students (paragraph 5.9);**
- 2.3 **The Education Funding Agency has allocated insufficient funding to LAs to meet their new responsibilities and Buckinghamshire County Council is in the process of commencing a legal challenge (paragraphs 5.11 and 5.54);**
- 2.4 **The expected on-going trend indicates future cost increases on external SEN places from £5.966m in 2014-15 to £7.460m in 2017-18 if no action is taken (paragraph 5.23 and Annex 2);**
- 2.5 **The funding strategy proposed to manage down future cost pressures (paragraphs 5.27 to 5.48);**
- 2.6 **That the DfE has commenced a review of High Needs Block DSG allocations and that future changes to funding may result (paragraph 5.55);**

In response to the Council's budget proposals for 2015-16, the Schools Forum RECOMMENDS to the Executive:

- 2.7 **That in order to achieve the significant cost reductions required on SEN budgets, £0.06m of new funding be provided by the Council to finance the additional staffing resources required in the SEN Team (paragraph 5.49);**
- 2.8 **That to ensure a net nil cost increase in Council spend, that the Schools Budget finances an additional £0.06m of educational fee costs in respect of Looked After Children (paragraph 5.50);**

The Schools Forum RECOMMENDS to the Executive Member for Children, Young People and Learning to AGREE the following:

- 2.9 The release of the £0.490m of funds from the SEN Resource Units Reserve from January 2015 to finance start-up costs at Rise@Garth (paragraph 5.32);**
- 2.10 The medium term budget plan for Rise@Garth, subject to annual review (paragraph 5.33 and Annex 4);**
- 2.11 The use of £1.938m of Schools Block DSG in 2015-16 to support High Needs pupils on the items covered in this paper (paragraph 5.52).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The Council has a new statutory duty to provide education provision from 0-25 years of age, to be funded from the Schools Budget. Insufficient resources have been allocated from the Education Funding Agency (EFA) to finance liabilities, and in particular, cost pressures on the Post 16 budget, which will continue to increase if it is not taken under control and systems and processes are put in place to reduce the spend.
- 3.2 Budget proposals are therefore being made to allow for statutory duties to be met and a balanced budget set for 2015-16, with a range of actions underway that are designed to reduce current and future costs.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5 SUPPORTING INFORMATION

Education Funding Reform

- 5.1 Changes in arrangements for Post 16 education introduced by the Government from April 2013 have resulted in Local Authorities (LAs) becoming responsible for both the commissioning of provision, and the funding of additional support for children and young people with Special Educational Needs (SEN) costs above the national threshold of £10,000 up to the age of 25 i.e. the end of the academic year in which they achieve their 25th birthday.
- 5.2 Previously, statements of pupils with SEN ceased once they left school or at age 19 and there was no further responsibility on the LA's educational services. Complex funding arrangements were in place, led by the EFA who held overall budgetary responsibility.

New implications from the Children and Families Act 2014

- 5.3 In September 2014, the new Children and Families Act 2014 came into force. Key aspects of the new Act related to supporting students with SEN up to the age of 25, via the use of a legally enforceable document called an Education Health Care Plan (EHCP), which will replace SEN Statements over the next three years. Historically, the process for a pupil progressing to Further Education (FE) was for a local mainstream college assessment to be undertaken to determine whether there was suitable local mainstream provision available to meet the pupil's need. If the local mainstream college is unable to meet the pupil's needs, parents could then express a preference for an alternative

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independent specialist provision (ISP) which may be a local day placement or a more distant residential specialist placement. Up until April 2013, the LA had not been responsible for the placement decisions nor the associated funding commitments attached to such placements.

- 5.4 In practise, the historic arrangement of the EFA funding post-mainstream placements has established a parental expectation that at least 3 years of funding for high cost residential independent specialist college provision for a complex High Needs pupil could be freely accessed. Furthermore, students who remained in school on a statement up to age 18/19, would have placement requests considered by Adult Social Care Services when moving on and be supported by that service and the EFA.
- 5.5 New EHCPs will provide a joint assessment of needs and also the provision to be made by each of the involved statutory agencies, supported by a joint commissioning requirement placed on the services. The new SEN Code of Practice (CoP) gives guidelines on how joint commissioning should be undertaken in the best interests of the young person.
- 5.6 Educational entitlement has also been clarified within the new CoP. These are for access to educational provision up to Level 3 up to age 19 for non SEN pupils, and up to age 25 for SEN pupils. This will therefore require the LA to make preparations and to possibly fund educational placements up to age 25 for pupils with an EHCP. This provision is only required if it is identified as an intended outcome on the EHCP and that education courses are appropriate which will not always be the case.
- 5.7 It is important to emphasise that these new arrangements are not an automatic entitlement for education up to age 25. The extended provision is subject to actual and predicted progress in learning. This will therefore require a significant change to the basis on which initial and continuing placements are agreed to by the LA, in order to ensure that EHCPs are only continued if it is deemed necessary to support continued learning and academic progress. It is clearly an important piece of work to look at career progression and preparing young people with pathways into employment.
- 5.8 In particular, this will be an issue in respect of High Needs pupils aged 19+ who cannot be employed or live independently. Some current 'educational' placements that were initiated under the old governance of the EFA, are arguably focussed on life and social skills development rather than educational outcomes. Therefore it is critically important for the LA to clarify and agree realistic educational and vocational outcomes for all current ISP placements, in order to ensure effective and efficient use of SEN funding is maintained equitably across all age groups 0-25.

2014-15 Cost forecasts

- 5.9 An update on 2014-15 cost estimates of services supporting SEN pupils was presented to the Forum in October, based on August data. This reported a forecast over spend at the end of August of £1.093m with 2 significant factors accounting for the difficulty; the £0.282m reduction in High Needs Dedicated Schools Grant (DSG) funding from the 2013-14 level; and a £0.949m forecast over spending on external placements as a result of increased student numbers, in particular those in post 16. The report also indicated that this overspend would be on-going and that it was likely that a request would be made to transfer at least £1m of 2015-16 Schools Block DSG to cover these statutory cost pressures. This possible transfer was made in the knowledge that the Schools Block DSG would increase by £1.5m through the *Fairer Funding for Schools in 2015-16* initiative and around a further £1m from general growth in pupil numbers of at least 250.

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- 5.10 The latest forecast budget information, as at the end of November, indicates that the cost of supporting SEN pupils will now be £1.557m, an increase in over spend of £0.464m. Whilst there has been a reduction of £0.142m on costs forecast for SEN pupils in maintained schools, those in private, independent and voluntary sector settings have increased by a further £0.663m. The change mainly reflects having more up to date information on where students would be placed at the start of the new academic year. This has also identified a number of students that were not included on previous cost forecast, most notably in relation to post 16 students. There have also been changes due to the volatile nature of the client group and on-going negotiations with providers, most notably Post 16 ISPs or FE Colleges.
- 5.11 In terms of funding made available for post 16 students, the budget transferred from the EFA to LAs in 2013/14 to meet these commitments was based on 2011/12 pupil numbers and associated funding allocations. On a national scale, demand for Post 16 placements far outstripped the EFA's predictions which the budgets were based on, with a 40% increase in budget costs being seen. This was mirrored in Bracknell Forest with the allocated budget being less than the commitments already identified for 2013/14.

Historic Trend

- 5.12 Before becoming responsible for Post 16 learners in education in 2013, the historic trend for the LA had been to place in the region of 85 students per year, at a cost of around £49,000 per student. The figures below indicate the increase in placements the LA has been responsible for over the past 4 years, whilst also showing the increase in student numbers since April 2013, when financial responsibility was passed over from the EFA.

<u>Financial Year</u>	<u>No of Placements</u>	<u>Average cost</u>	<u>Total expenditure</u>
2011-12	82	£49,042	£4,029,353
2012-13	91	£49,866	£4,534,810
2013-14	126	£37,390	£4,711,408
2014-15	163	£36,677	£5,965,983

- 5.13 It must be noted that current and future cost figures forecast throughout this paper may be subject to change due to the volatile nature of the client group and on-going negotiations with providers, most notably Post 16 ISPs or FE Colleges.
- 5.14 It should also be noted that the above figures indicate a reduction in average placement costs since 2013. This can be explained by two factors; one being that from 2013 the EFA pays £10,000 per place cost directly to providers whereas prior to this, LAs paid the full cost; the second reason being that most FE placement costs are usually a total of £18,000, therefore only leaving an average of £8,000 per placement to be paid for by the LA. This therefore reduces the total average placement costs further.
- 5.15 Table 1 below summarises total spend on meeting High Needs students with SEN across the age range of 4-25, in line with the new requirements in the Children and Families Act 2014 to ensure learners are supported up until 25. The changes in EFA arrangements can be identified as the increase in FTE placements for ages 16-25. Annex 1 provides more detail of costs by student age.

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Table 1: Summary spend on external SEN placements 2011-12 to 2014-15

	Pre 16			Post 16			Total		
	Nos. fte	Cost		Nos. fte	Cost		Nos. fte	Cost	
		Total £m	Average £k		Total £m	Average £k		Total £m	Average £k
2011-12	55.9	£2.532	£45.3	26.3	£1.497	£57.0	82.2	£4.029	£49.0
2012-13	62.3	£2.853	£45.8	28.7	£1.682	£58.7	90.9	£4.535	£49.9
2013-14	59.8	£2.504	£41.9	66.2	£2.208	£33.4	126.0	£4.711	£37.4
2014-15	57.1	£2.510	£44.0	105.5	£3.455	£32.7	162.7	£5.966	£36.7

Future forecast numbers of High Needs Students

- 5.16 Annex 1 highlights the recent increase in costs incurred for post 19 learners, students who the LA were not financially responsible for until April 2013. Costs for the Post 16 sector of education can therefore be expected to rise over the next 3-5 years whilst current learners receiving support on SEN Statements move through the system, where historically they would have ceased being an LA responsibility when moving into the FE sector. There is also the expectation that more students will emerge in line with the growing population, with a forecast annual increase of around 2% per annum in those with high needs above the £10,000 threshold requiring an external placement.
- 5.17 It should be noted that whilst the EFA will fund the first £10,000 of each placement, it is on a lagged basis, annually in arrears, meaning funding is not sufficient in times of increases in student numbers, as is the current position, meaning LAs have to purchase additional places from providers at up to £10,000 premium. This means that accurate forecasting must be undertaken yearly by the LA to ensure it is known and planned for in respect to where future SEN pressures will arise. This will require more strategic management planning to be undertaken by the LA, working in direct partnership with the providers, to ensure these future forecasted pressures are accommodated as far as possible. In doing so, the LA will be able to benefit from significantly lower placement costs at local FE provision, rather than placing in much higher costing ISP placements.

Financial Impact of the Children and Families Act 2014

- 5.18 As already mentioned above, the Children and Families Act requires SEN learners to be supported by their LAs up until the age of 25. Due to the LA being financially responsible for students within the FE sector, the LA must make provision to cover these liabilities. The LA will make every effort to transition young people from an education pathway to employability and training pathway through the NEET co-ordinator when that provision is identified as an outcome on the young person's Education, Care and Health Plan.
- 5.19 It should also be noted that as a consequence of the LA now being required to support learners up to the age of 25, there will no longer be a natural "fall off" of statement numbers due to pupils leaving mainstream schooling. Historically the LA would naturally see statements lapsing or being ceased as a pupil with a statement left mainstream schooling and entered the FE sector. Last year the LA issued 45 new statements, but saw 63 statements naturally lapse as the pupils moved into the FE sector. This therefore had the net effect of seeing a reduction of 18 statements. As of this academic year, statements will no longer be allowed to lapse due to the new Act, and all pupils moving in to FE will continue on an EHCP, thereby continuing to increase the number of pupils the LA is responsible for, and have a much more open ended gradual decrease in total numbers as pupils stay supported in education or learning up to 25.

Budget Forecasting

- 5.20 In order to ensure that any potential budget pressures in future years are known in a timely fashion, good estimates of costs should be identified at the earliest opportunity. Current total forecast spend on external SEN placements is £5.966m for 2014-15. As set out above, it should be expected that this will increase over the next 5 years, even if all factors remain the same and all students continue within their current placements with no changes in placement cost, as it is inevitable that new High Need placements will be required. It should also be expected that there will be more new placements made than statements ceased due to the requirement to support SEN learning up until 25. The LA will work closely with young people and their parents/carers to plan appropriate pathways into employment and training; this will be planned as part of a young person's transition review and will have the effect of ensuring young people receive the correct services and education costs to the Schools Budget are no higher than necessary.
- 5.21 In terms of funding received from the EFA for High Needs Pupils, provision has been made for a small increase in funds each year. However, this has proved insufficient to meet growth in pupil numbers. Up until 2014-15, the approach adopted by the EFA has been to fully fund providers the number of places at £10,000 each LA has forecast as being required in the next academic year. To remain broadly in line with existing funding allocations, this has been financed by an equivalent deduction for each individual LAs High Needs Block DSG. Therefore, if an LA has more places funded from one year to the next by the EFA, this is effectively paid for by taking the increased cost away from that LA. Any money remaining after this process is then allocated on a per pupil basis to all LAs. In the last 2 years, the EFA has been funding LAs at around £5,000 to pay top-up for each additional pupil, whereas the reality in BF is that average top-up payments are £36,700. For 2014-15, the BF High Needs Block was reduced by £0.411m for places that the EFA would in future fund, with £0.129m extra allocated from general growth to pay additional top-ups, resulting in the net £0.282m reduction in DSG funding.
- 5.22 Moving into 2015-16, the EFA will be funding LAs for high needs places on a lagged basis annually in arrears, based on September 2014 student numbers. This means that there should be a similar amount of deduction from the DSG for the places EFA will pay for BF students. However, in reality there will be increases in student numbers from this census point to the end of 2015-16 financial year, the period that the allocated funding will need to be used for. This is initially assumed to be around 20 places at a cost of £0.2m.
- 5.23 In the last 2 years, BF has received an annual increase in DSG of around £0.1m from the growth in the overall national funding for High Needs students. The assumption at this stage therefore is for additional income of £0.1m in future years. Table 2 below shows a summary of current and forecast spend on external SEN placements, with more detail shown at Annex 2.

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Table 2: Current and forecast spend on external SEN placements

	Pre 16			Post 16			Total		
	Nos.	Cost		Nos.	Cost		Nos.	Cost	
		Total £m	Average £k		Total £m	Average £k		Total £m	Average £k
2014-15	57.1	£2.510	£44.0	105.5	£3.455	£32.7	162.7	£5.966	£36.7
2015-16	54.9	£2.099	£38.2	112.0	£4.285	£38.3	166.9	£6.384	£38.3
2016-17	59.8	£2.350	£39.3	129.9	£4.595	£35.4	189.7	£6.945	£36.6
2017-18	60.8	£2.389	£39.3	140.8	£4.921	£34.9	201.6	£7.310	£36.3
Change 2014-15 to 2017-18							38.9	£1.344	£-0.4

NB. The figures in Table 2 show gross costs, so include the estimated impact from purchasing additional places that the EFA will not fund, but exclude the anticipated additional DSG of around £0.1m per annum.

5.24 Table 2 above illustrates the potential future SEN placement costs with the key assumptions being:

- Pre 16 numbers: to in future be in line with average for the last 4 years, with 9.8 fte per year group at 2015-16 average cost of £39,295.
- Sixth Form numbers: average for the last 4 years is 28 places, but with significant increase in 2014-15 to 45. Assume 20 per year group at 2 year average 2014-16 cost of £42,970.
- 18+ numbers: to be in line with 2 year average of 2014-16 of 12.1 fte per year group at average cost for the same period of £29,780.
- A provision to self-fund the cost of 20 £10,000 places: to reflect an anticipated shortfall on those funded by the EFA through the lagged head count funding basis together with an element of contingency funding for in-year changes.
- Additional High Needs Block DSG of £100,000: each year to reflect the level of additional resources allocated in the last two years to BFC.

In addition, other changes assumed in the costing model are:

- A higher proportion of students aged 17 plus will in future be moved into employment or undertake shorter education courses i.e. will not stay in education to 25. The assumption is that from April 2015 there will be an average of 1 less student from age 17 onwards.
- To reflect the anticipated growing population, there will be a 2% per annum increase in placements. This equates to 3 extra students.

It can be seen that gross costs to be financed are forecast to increase by £1.344m (23%) between 2014-15 and 2017-18 and student numbers by 38.9 (24%).

5.25 The summary budget effect anticipated in 2015-16 is set out below in Table 3 and indicates a funding shortfall of £2.168m.

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Table 3: Estimated 2015-16 funding shortfall on external SEN placements

	Total £m
Estimated spend on external placements	£6.384
Add pressure from reduction in 2014-15 DSG	£0.282
Less additional DSG Income	-£0.100
Net costs to finance	£6.566
Current budget	£4.398
Estimated funding shortfall	<u>£2.168</u>

Management actions

- 5.26 Clearly, the current budget situation is unsustainable and a range of measures need to be taken to reduce existing costs and the increases anticipated in the future with current plans set out below in the following paragraphs.
- 5.27 Due to legislation in place, it must be considered that all current placements will continue unless the placement is no longer necessary to meet need or the young person does not wish to remain in learning. In order to therefore ensure that financial pressures are reduced over time whilst also ensuring student needs are being met effectively, close monitoring and reviewing must be undertaken.
- 5.28 Current budget forecasting indicates that there is a potential for over £0.4m of budget underspend on other SEN and Targeted Services budgets. An initial review of these budgets, plus other budgets outside placements that are expected to continue to over spend, indicates that savings in the region of £0.2m can be achieved and this is the current budget assumption, which reduces the net funding shortfall on High Needs pupils from that shown above at Table 3 to £1.968m.
- 5.29 These net savings of £0.2m will need to be firmed up in the coming months with specific proposals due to be presented to the Forum in March. Annex 3 sets out the budget areas outside external placements where on-going savings / additional costs are currently envisaged where budget adjustments are expected to be required.
- 5.30 As previously reported, the most significant impact on reducing spend on high needs pupils would be to increase the number of available places in maintained provision. The Council is seeking to achieve this by developing a 56 place Autistic Spectrum Disorder (ASD) pupil facility by converting the existing vacant building on Eastern Road through use of DfE capital grants with phased opening planned from September 2015. A further 40 SEN places are planned for the Education Village at Blue Mountain, and these will cater for a different SEN need, with 10 places expected to be available from September 2017.
- 5.31 On the basis of provisional calculations of revenue running costs for the ASD facility, which indicated that once fully open could generate annual savings on placements of over £0.5m, the Forum agreed that this project would be a high revenue budget priority. It was recognised at this time that the general expectation was that pupils would not be moved immediately from their current placements as their current provider is normally named in the statement of SEN, meaning it will take up to 7 years for the facility to be fully open through the admission of 8-10 students a year. The financial impact of this is that savings from future payments to external providers would not be realised in full

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straight away, but would also be phased over a 7 year period. Therefore, during the short term, with relatively low numbers of pupils on roll at Eastern Road, and on-going payments being made to external providers, there will be a net additional cost.

- 5.32 To help finance the development of new SEN Resource Units, the Forum agreed that £0.5m of accumulated surplus balances in the Schools Budget could be set aside in an Earmarked Reserve to help finance potential building adaptation and start-up costs. To date, £0.01m has been spent on developmental costs, meaning £0.490m remains unspent. The Forum is recommended to agree that the balance of this Reserve is released from January 2015 until the unit is self-financing, which is currently projected to be from 2018.
- 5.33 Agreement has subsequently been reached with Garth Hill College to manage the facility, to be called Rise@Garth, and more detailed budget plans have now been worked up which confirm the original expectation of long term savings in excess of £0.5m and Annex 4 sets out the summary budget plan and key data with line 27 forecasting savings of £0.582m once fully open. Key features and assumptions of the costing model include:
- An anticipated 5 BFC resident students placed each year, with up to 5 more from other Local Authorities. Students from other LAs will generate sufficient income to cover costs and a premium contribution to the development of the facility - £6,000 per place for the first 2 years, then £3,000 per place for 2 more years before being charged at the standard cost (lines 2 and 3).
 - A budgeted occupancy rate of around 80%, but with the aim of achieving full capacity (line 6).
 - An assumption that the DfE will fund each place at the national specialist provider rate of £10,000 (line 21).
 - Underlying cost per place of £23,000 compared to a current average cost of £41,000 in a private, voluntary and independent sector setting (line 23).
 - Early recruitment of a Head of Centre from April 2015, plus other pump priming in the first two years, from January 2015, for a range of premises and supplies and services costs to maximise the potential for a successful launch of the new facility.
 - Central management of budgets for specialist cognitive behaviour, occupational and speech and language therapies to support students through extension of existing contracts (line 18).
 - A general underlying contingency for unforeseen costs / unachieved income of 10% (line 15).

The Forum is recommended to agree the medium term budget plan at Annex 4, which will be subject to annual review until the unit is properly established.

- 5.34 As set out above, the original budget plan for Rise@Garth assumed that £10,000 per place funding would be provided and this is still the overall expectation. However, DfE have now confirmed that this will be paid on a lagged basis, annually in arrears. Discussions are on-going with the DfE to fund this in 2015-16 and other pressures on additional places at Bracknell and Wokingham College. This has not been rejected by the DfE and is being re-considered, with a decision expected no later than 23 January. The current budget assumption is that place funding will be allocated annually in arrears, which will require an additional £0.055m to be paid into the SEN Resource Unit in each of the next 2 years. This transfer is included on the 2015-16 budget proposals included on a separate agenda item.
- 5.35 In terms of the estimated overall financial effect from this project, rows 27 and 28 of Annex 4 show the net annual and cumulative cost / saving respectively with maximum

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annual savings forecast at £0.582m. Row 29 shows that the cumulative start-up costs are expected to total £0.623m.

- 5.36 An accurate budget plan has yet to be developed for the SEN facility at Blue Mountain, but again, there is an expectation of additional start-up costs in the short term before savings are generated over the medium to long term. These savings will be lower than that anticipated for Rise@Garth due to fewer students and a lower existing average cost of education compared to ASD.
- 5.37 These developments are expected to have the most significant impact on future cost reductions. It must be noted that the financial impact anticipated from the new SEN Units have been excluded from the cost forecasts in Tables 2 and 3 as they will make a financial impact after 2017-18. Adjustments to the medium term costing model will be made as the financials are firmed up.
- 5.38 Following discussions with local FE colleges, it is clear that there is a high need to develop SEN provision with the colleges. It has been identified that FE colleges are currently not equipped nor trained to a suitable level in order to take on general SEN provision needs, when compared with maintained schools. This is likely to be due to FE colleges having no historic requirement to follow the SEN Code of Practice until the Children and Families Act came into force in September. It is therefore critical that the LA supports the local FE colleges to create and develop SEN provision with immediate effect in order to build up provision in line with the LA's need for Post 16 SEN provision.
- 5.39 A significant amount of work is being undertaken to set up co-working between MacIntyre (specialist education and support provider) and our local FE college in order to support learners with complex behavioural needs who would otherwise need to attend a specialist residential placement out of area. This has also involved joint discussions with other LAs, meetings and observations of other FE colleges who use MacIntyre and extended meetings with the local FE college, MacIntyre and parents to ensure that needs can be met effectively.
- 5.40 The cost to the LA is still relatively high, but the expectation is that this reduces significantly over time as the amount of specialist support reduces and an increase in the skills and capacity within the college is evidenced.
- 5.41 The cost of supporting one learner with MacIntyre in the FE sector is approximately £35,000 per annum – excluding EFA payments. If this same learner were to attend a residential specialist provider out of area, the expected cost would be approximately £60,000 for education, as well as a further £78,000 for the residential provision as it would not be possible to transport the learner on a daily basis. This represents a saving of £103,000 per learner per annum in the first academic year of their 3 year course. This saving would then increase exponentially over the remaining years of the course as skills in the FE college increase, instead of the cost to the LA remaining the same for a 3 year period in a residential college.
- 5.42 Further savings could also be expected if economies of scale could be seen, with multiple learners accessing the same local provision at one time. Work is being undertaken with local FE colleges to increase their capacity and ability to take larger groups of learners with high support needs in the future. This includes those with Visual Impairment and Hearing Impairment as well as young people on the autism spectrum on mainstream courses. Historically, the local FE college in Bracknell has not provided courses for young people with learning difficulties. There is however, a course now established and increasing in numbers year on year and is gaining a good reputation, but further support for the college is required for it to be a competitor with long standing FE provision at neighbouring FE colleges, which still attract Bracknell Forest resident

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learners, which in turn incurs additional transport costs to the LA. Work to identify employment and training pathways will also need to be undertaken by the NEET co-ordinator. This would have an impact on the numbers of young people requiring education placements.

- 5.43 Investigative work is currently being undertaken in Profound and Multiple Learning Difficulties provision, where there is a shortage locally. Young people coming through from the LA's local maintained special school will have more complex needs in the future and initial work and observation of good practice has been started with the local FE college to increase capacity for this learner group. Again, if successful, this will deliver better outcomes for students and cost reductions / avoidance.
- 5.44 To ensure that SEN services and placements are commissioned appropriately and at the lowest financial cost, additional managerial time capacity has been released. Over the past 18 months the LA has seen 17 tribunal appeals lodged against the LA. This was the same total of appeals recorded from 2008 – 2012. This area of work is of considerable financial concern to the LA, and is only likely to increase due to the legal changes brought in by the Children and Families Act 2014. Over the past year, a potential of £300,000 financial liability has been saved by opposing appeals lodged against the LA. This work has also placed additional burdens on the Education Psychology Team.
- 5.45 With many SEN cases being complex in nature and need, they can be overseen by not only the SEN team, but also have input from Children Social Care, Adult Social Care and even Health Authorities. Some cases are therefore often identified to have joint funding responsibilities with other services outside of SEN. Work is required here to ensure that all partners are making the right contribution.

Staffing capacity

- 5.46 Staff capacity is considered inadequate to meet the additional demands on the service from the legislative changes and from the perspective of effective placement management for cost reduction and avoidance as set out directly above. These responsibilities fall on the LA to fund and not the Schools Budget. For the past 2 years, an additional post has been financed on a temporary basis which helped support some of the actions set out above, but has now been removed.
- 5.47 There are currently 100+ Post 16 placements that need annually reviewing and monitoring to ensure the current placement is meeting needs, as well as keeping the costs of these placements under review for the following year's placement.
- 5.48 It is also essential for the LA to attend all Year 10 reviews for students with SEN, which equates to on average an additional 70 reviews per annum, in order to ensure the transition into Post 16 is coordinated effectively and that appropriate education, training and employment pathways are identified. This also allows the LA to identify any potential students that may require ISPs, ensuring that all possible alternatives are looked at to minimise expenditure.
- 5.49 To adequately support all of the planned actions would cost around £0.06m and options are being considered as to whether all these initiatives and desired work streams can be delivered. In response to the Council's budget proposals for 2015-16, as set out on another agenda item, the Forum is recommended to propose a request is made that the Council agrees £0.06m additional funding be provided for this purpose as it is outside the permitted use of the DSG.
- 5.50 In considering the council's own significant, on-going financial difficulties, it is unlikely that this newly requested expenditure could be agreed. However, a way of potentially

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securing funding for the work identified as key to future SEN cost reduction could be through a funding swap on expenditure that can often apply equally in the Schools Budget or LA Budget. Primarily this relates to educational fees, with the most appropriate area relating to Looked After Children (LAC) where it is often the case where providers deliver education and social care services to young people but where the cost is not always accurately broken down between the different component parts. A review of such expenditure indicates that around £0.03m of costs supporting LAC with statements is eligible for High Needs Block DSG funding, and another £0.03m for LAC without statements is eligible for Schools Block DSG funding. In order to maximise the potential for future cost reductions on High Needs Pupils, the Forum is recommended to agree this £0.06m funding swap which would be financed by reducing the provision for purchasing unfunded places from 20 to 14.

- 5.51 The financial effect of the funding swap is set out below in Table 4. None of these adjustments are reflected in any other tables or annexes of this report and as such, stand alone.

Table 4: Estimated 2015-16 funding shortfall on external SEN placements

	Total £m
Estimated funding shortfall from Table 3	£2.168
Less estimated savings (paragraph 5.28)	-£0.200
Shortfall on external placements	£1.968
Add additional costs of LAC with SEN	£0.030
Less reduction in provision for places (20 to 14)	-£0.060
Estimated funding shortfall on HNB	£1.938
Add additional costs LAC without SEN	£0.030
New pressure on Schools Block	£0.030

- 5.52 The Forum is therefore recommended to agree that the initial 2015-16 budget assumes a £1.938m funding transfer from the Schools Block DSG to finance these statutory SEN costs. The full budget strategy and proposals for 2015-16 are included on a separate agenda item. This overall budget paper item includes further proposals for funding adjustments between the Schools and High Needs Blocks.

Position in other LAs

- 5.53 A review of the High Needs budget position across Berkshire has identified that from the two responses received, one authority is forecasting a £1.9m over spend, with another indicating a significant, unquantified over spend.
- 5.54 Clearly, the financial difficulty being experienced in BFC is not unique with Buckinghamshire County Council proposing a legal challenge around the funding methodology and decision making process of the DfE in this matter. This could result in a Judicial Review, and further developments are awaited on this.

DfE review of High Needs DSG funding

- 5.55 The Government have recently launched a major review of High Needs funding arrangements with the objective of reporting to the next Government on options for a better distribution of high needs funding from May 2015. The review documentation acknowledges that “we will not have a completely fair education funding system until we also reform the redistribution of funding for pupils with high cost SEND.”
- 5.56 A call for evidence has been launched, which is open until end of February. This is a commitment from the Government to a major policy review in an area which is of significant concern to the Council:

Next steps

- 5.57 The issues set out in this paper require significant changes to budgets and a range of recommendations are made to allow for a balanced budget for 2015-16 to be set which the Forum is requested to approve. Progress against the required actions and the potential impact from other external factors, such as the Buckinghamshire County Council legal challenge and the High Needs funding appraisal proposed by the DfE will need to be kept under review.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The general legal provisions are contained within the main body of the report. On the specific question of the full extent of educational provision which has to be made up until aged 25 this is likely to be the focus of highly contested litigation in the coming years. The funding formula and methodology for funding post 16 education is to be the subject of a legal challenge by Buckinghamshire County Council. Buckinghamshire wrote to the Government Department responsible for education in early December setting out their intention to instruct leading counsel to challenge the funding formula if specific questions were not resolved to Buckinghamshire’s satisfaction.

Borough Treasurer

- 6.2 The relevant financial implications are set out in the supporting information and the recommendations made form an integral part of setting a balanced budget for 2015-16 and securing future savings against the cost of supporting High Needs pupils. Full budget proposals for 2015-16 are set out on the accompanying agenda item on the Schools Block Budget

Equalities Impact Assessment

- 6.3 Not applicable.

Strategic Risk Management Issues

- 6.4 The most significant risk facing the Council is the impact of the overspend on the Schools Budget and how that impacts on individual schools with money needing to be diverted to support high needs pupils. There is a greater risk to schools falling into Ofsted categories with less funds available to support school improvement.

This is a volatile budget and fluctuations can occur with late identification of needs or children/young people moving into the authority with a high level of need. There are no

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funds remaining in the Schools Budget to manage any significant in year cost increases which if occur, may ultimately need financial support from the council or future budget reductions to schools.

- 6.5 If the additional staffing is not provided the work to get the post 16 under control and any associated savings opportunities is likely to be lost.

Background Papers

None.

Contacts for further information

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Doc ref: G:\Executive\Schools Forum\70 150115\SEN Cost Pressures.doc

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Annex 1

Historic and current forecast SEN cost by age – as at November 2014

Age	2014-15			2013-14			2012-13			2011-12		
	fte	Cost	Average	fte	Cost	Average	fte	Cost	Average	fte	Cost	Average
4	0.0	£0	£0	0.0	£0	£0	0.4	£7,410	£18,652	1.6	£17,546	£11,060
5	0.0	£0	£0	0.0	£0	£0	0.7	£7,990	£11,952	0.0	£0	£0
6	0.0	£0	£0	0.0	£0	£0	0.0	£0	£0	1.0	£41,379	£41,264
7	0.9	£56,682	£61,206	0.0	£0	£0	1.0	£53,408	£53,405	0.2	£9,942	£41,234
8	0.0	£0	£0	0.8	£35,090	£42,268	1.0	£30,094	£30,093	1.1	£57,492	£52,855
9	1.8	£69,275	£37,850	3.5	£108,323	£30,936	3.2	£194,500	£60,934	1.1	£34,865	£33,052
10	6.6	£268,874	£40,434	4.0	£215,685	£53,918	2.4	£104,616	£43,990	3.2	£141,360	£44,211
11	4.0	£215,685	£53,918	2.9	£133,199	£46,477	4.6	£200,874	£43,849	8.8	£355,274	£40,547
12	5.7	£324,806	£56,694	6.0	£222,287	£37,097	16.0	£731,544	£45,837	5.8	£263,754	£45,753
13	7.0	£247,270	£35,322	17.3	£673,273	£38,943	5.0	£246,496	£49,055	10.8	£470,337	£43,603
14	18.9	£767,987	£39,651	7.7	£314,452	£40,989	14.2	£682,887	£47,949	9.7	£394,811	£40,637
15	12.1	£559,914	£46,193	17.7	£801,207	£45,351	13.8	£592,720	£42,855	12.7	£745,131	£58,751
16	21.2	£953,392	£44,899	17.5	£791,433	£45,325	15.0	£863,191	£57,543	10.8	£541,272	£50,294
17	23.7	£886,189	£37,427	12.4	£589,100	£47,364	6.6	£330,094	£50,157	5.8	£323,246	£55,337
18	13.6	£499,579	£36,784	9.0	£281,380	£31,271	3.2	£154,862	£47,657	6.2	£296,912	£48,142
19	11.3	£310,741	£27,508	7.3	£189,111	£25,736	3.0	£215,968	£71,986	3.3	£311,267	£95,548
20	10.7	£293,869	£27,396	8.1	£211,351	£26,211	0.8	£118,155	£141,856	0.2	£24,766	£99,331
21	9.4	£278,535	£29,751	8.6	£123,164	£14,355						
22	11.5	£193,327	£16,812	2.6	£7,317	£2,772						
23	3.6	£35,065	£9,792	0.0	£0	£0						
24	0.0	£0	£0	0.7	£15,034	£22,779						
25	0.6	£4,791	£8,249	0.0	£0	£0						
	162.7	£5,965,983	£36,677	126.0	£4,711,408	£37,390	90.9	£4,534,810	£49,866	82.2	£4,029,353	£49,042
<i>Pre 16</i>	57.1	£2,510,494	£371,271	59.8	£2,503,518	£335,979	62.3	£2,852,540	£448,569	55.9	£2,531,890	£452,966
<i>Post 16</i>	105.5	£3,455,489	£238,618	66.2	£2,207,890	£215,813	28.7	£1,682,270	£369,199	26.3	£1,497,463	£348,651

Current and forecast spend on external SEN placements

Age	FORECAST AND ACTUAL 2014-15			FORECAST 2015-16			FORECAST 2016-17			FORECAST 2017-18		
	fte	Cost	Average	fte	Cost	Average	fte	Cost	Average	fte	Cost	Average
4	0.0	£0	£0									
5	0.0	£0	£0	0.0	£0	£0						
6	0.0	£0	£0	0.0	£0	£0	0.0	£0	£0			
7	0.9	£56,682	£0	0.0	£0	£0	0.0	£0	£0	0.0	£0	£0
8	0.0	£0	£0	0.9	£56,682	£61,206	0.0	£0	£0	0.0	£0	£0
9	1.8	£69,275	£37,850	0.0	£0	£0	0.0	£0	£0	0.0	£0	£0
10	6.6	£268,874	£0	4.1	£115,416	£28,453	9.8	£385,095	£39,295	9.8	£385,095	£39,295
11	4.0	£215,685	£53,918	5.1	£189,656	£37,538	10.8	£424,390	£39,295	10.8	£424,390	£39,295
12	5.7	£324,806	£56,694	8.4	£371,615	£44,444	9.8	£385,095	£39,295	10.8	£424,390	£39,295
13	7.0	£247,270	£35,322	9.9	£401,448	£40,520	9.8	£385,095	£39,295	9.8	£385,095	£39,295
14	18.9	£767,987	£40,712	12.6	£431,902	£34,215	9.8	£385,095	£39,295	9.8	£385,095	£39,295
15	12.1	£559,914	£46,193	14.0	£532,420	£42,264	9.8	£385,095	£39,295	9.8	£385,095	£39,295
16	21.2	£953,392	£44,899	16.1	£735,405	£45,636	20.0	£859,400	£42,970	20.0	£859,400	£42,970
17	23.7	£886,189	£37,427	20.2	£914,210	£45,182	20.0	£859,400	£42,970	20.0	£859,400	£42,970
18	13.6	£499,579	£36,784	20.9	£1,006,570	£48,080	12.1	£360,338	£29,780	12.1	£360,338	£29,780
19	11.3	£310,741	£27,508	13.2	£454,269	£34,513	12.1	£360,338	£29,780	12.1	£360,338	£29,780
20	10.7	£293,869	£27,396	9.8	£303,847	£31,012	13.1	£390,118	£29,780	13.1	£390,118	£29,780
21	9.4	£278,535	£29,751	8.0	£248,081	£31,093	12.1	£360,338	£29,780	13.1	£390,118	£29,780
22	11.5	£193,327	£16,812	10.6	£255,392	£24,136	12.1	£360,338	£29,780	12.1	£360,338	£29,780
23	3.6	£35,065	£9,792	10.0	£151,601	£15,159	13.1	£390,118	£29,780	13.1	£390,118	£29,780
24	0.0	£0	£0	3.2	£15,487	£4,898	12.1	£360,338	£29,780	13.1	£390,118	£29,780
25	0.6	£4,791	£8,249	0.0	£0	£0	3.2	£94,159	£29,780	12.1	£360,338	£29,780
Allowance for place purchases / contingency					£200,000			£200,000			£200,000	
Change in DSG 2015-16					-£100,000			-£200,000			-£300,000	
Net Total	162.7	£5,965,983	£509,308	166.9	£6,284,000	£568,348	189.7	£6,744,748	£559,952	201.6	£7,009,782	£559,952
Gross Pre 16	57.1	£2,510,494	£43,951	54.9	£2,099,137	£38,225	59.8	£2,349,863	£39,295	60.8	£2,389,158	£39,295
Gross Post 16	105.5	£3,455,489	£32,741	112.0	£4,284,862	£38,269	129.9	£4,594,885	£35,383	140.8	£4,920,624	£34,948
Gross cost		£5,965,983			£6,384,000			£6,944,748			£7,309,782	

2015-16 potential savings and pressures on SEN budgets outside external placements

Description	Variance Forecast at November 2014 £
Element 3 top up funding to BF and other LA schools i.e. support costs above the £10,000 per pupil threshold set by the DFE	-199,000
SEN Tribunals	3,000
Medical support to pupils	34,000
Paediatric Occupational Therapy	-15,000
Support to Speech and Language	-10,000
Sensory Consortium	-40,000
Learning Support Services	-11,000
Traveller Education	-15,000
Home Tuition	14,000
Various staff, premises and resources	-16,000
Net potential savings on High Needs budgets	-255,000

Medium Term Budget Plan for Rise@Garth

Costed at 2015-16 outturn prices

Ref	January to August 2015	Sept 2015 to March 2016	2016-17	2017-18	2018-19	2019-20	2020-21 (Full year)
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Places and staffing - academic year data:

1	Projected Maximum No. of Learners	0	10	20	30	40	50	56
2	BFC resident	0	5	10	15	20	25	30
3	Other LA resident	0	3	6	8	11	14	16
4	Vacancy	0	2	4	7	9	11	10
5	Number occupied places in costing model	0	8	16	23	31	39	46
6	Occupancy rate	0%	80%	80%	77%	78%	78%	82%
7	Total No. of Teaching Staff (fte) (headcount)	1.00	3.00	4.00	6.00	8.00	10.00	10.00
8	Total No. of Learning Support Staff (fte) (headcount)	0.00	3.00	5.00	7.00	9.00	9.00	9.00
9	Total No. of Ancillary Support Staff (headcount)	0.00	3.00	4.00	5.00	5.00	5.00	5.00
10	Total all staff (fte) (headcount)	1.00	9.00	13.00	18.00	22.00	24.00	24.00

Financials - financial year data:

11	Staffing	£36,900	£185,300	£387,100	£528,200	£675,780	£794,100	£837,660
12	Premises	£0	£66,000	£159,900	£159,800	£157,400	£159,400	£160,500
13	Supplies & Services	£10,500	£28,400	£77,200	£90,200	£102,400	£127,300	£149,620
14	Transport	£250	£5,100	£12,250	£12,250	£12,250	£12,250	£12,250
15	Contingency at underlying 10%	£1,500	£35,000	£92,800	£96,900	£92,600	£107,800	£116,000
16	Total Income	£0	£500	£1,700	£2,800	£3,950	£5,150	£6,900
17	NET EXPENDITURE AT SCHOOL	£49,150	£319,300	£727,550	£884,550	£1,036,480	£1,195,700	£1,269,130
18	CENTRALLY FUNDED SPECIALIST THERAPIES	£0	£14,900	£51,200	£85,100	£118,400	£154,600	£207,000
19	GRAND TOTAL NET EXPENDITURE	£49,150	£334,200	£778,750	£969,650	£1,154,880	£1,350,300	£1,476,130

Income and charging

20	Cost per occupied place (financial year cost divided by 5\12 summer term numbers, 7\12 autumn term numbers)	£71,600	£62,000	£49,000	£42,000	£38,000	£32,000
21	Assume DfE place funding @ £10k per place annually in arrears	£0	-£33,300	-£126,700	-£200,900	-£276,700	-£460,000
22	Net cost to BFC (financial year: cost less DfE grant)	£383,350	£745,450	£842,950	£953,980	£1,073,600	£1,016,130
23	Net cost per place for LAs to fund	£83,000	£59,000	£42,000	£35,000	£31,000	£23,000
24	Estimated impact from 5 BFC non-LEA leavers @ £41,000	-£119,600	-£324,600	-£529,600	-£734,600	-£939,600	-£1,230,000
25	Estimated income from OLAs: assume on-going charge of £23,000 with premium of £6,000 for 2 years then £3,000 for 2 more years	-£51,000	-£138,000	-£186,000	-£254,000	-£293,000	-£368,000
26	Estimated saving / income from OLA	-£170,600	-£462,600	-£715,600	-£988,600	-£1,232,600	-£1,598,000
27	Net additional cost(+) / saving(-)	£212,750	£282,850	£127,350	-£34,620	-£159,000	-£581,870
28	Cummulative change	£212,750	£495,600	£622,950	£588,330	£429,330	-£152,540
29	Estimated draw down from SEN Resource Unit Reserve	£212,750	£282,850	£127,350	£0	£0	£622,950
30	Total available in SEN Resource Unit Reserve	-£489,784	-£55,000	-£55,000			-£649,784
31	Estimated remaining balance in SEN Resource Unit Reserve						-£26,834
32	Estimated on-going saving - annual				-£35,000	-£124,000	-£423,000
33	Estimated on-going saving - cumulative				-£35,000	-£159,000	-£582,000