

**Making
Leeds a child
friendly city**



Review of the High Needs Block of the Dedicated Schools Grant: detailed report

Children and Families Services,
Leeds City Council,
September 2017



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Please note: This report is intended to be as concise as possible. Some information is summarised. Hyperlinks to more detailed data, policies and reports, and their sources, are provided throughout.

Acronyms often used are as follows: 'CYP': children and young people. 'SEND': special educational needs and disabilities. 'HNB': High Needs Block. 'ESFA': Education and Skills Funding Agency (formerly Education Funding Agency, or EFA).

A: scope and context: the bigger picture: 3 key objectives of our Leeds SEND strategy:

Our Leeds SEND strategy sets out our aims to:

- Improve learning outcomes for children and young people with special educational needs and disabilities (SEND) aged 0-25.
- Improve the quality and sufficiency of education provision and services for children and young people with SEND.
- Embed co-planning and collaborative working with partners in all we do.

This is underpinned by the outcomes of the Leeds Children and Young People's Plan and our Leeds approach, including restorative practice, early support and outcomes-based accountability, and contributes to our ambition of a child friendly city and improved outcomes for all children and young people.

These objective are at the heart of this review. Ensuring that funding is used to support children and young people with SEND to have the best possible outcomes in education is a critical element in achieving our objectives. It is vital that we work in partnership with colleagues in education settings of all kinds, including mainstream and specialist settings across the 0-25 age range, as we develop practices and policies.

A: scope and context: purpose of this review:

The High Needs Block (HNB) is part of the Dedicated Schools Grant (DSG). The DSG is the main source of income for the local authority's schools' budget. The HNB supports educational provision for CYP who have SEND needs which schools and settings may not be able to support within their existing budget and offer of support.

At 2017/18, Leeds City Council has identified that the HNB is projecting a significant overspend. This review responds to that overspend.

The review seeks to understand how Leeds currently spends the HNB and inform plans for future spending to achieve the **best possible outcomes** for CYP with SEND in our city. The review aims:

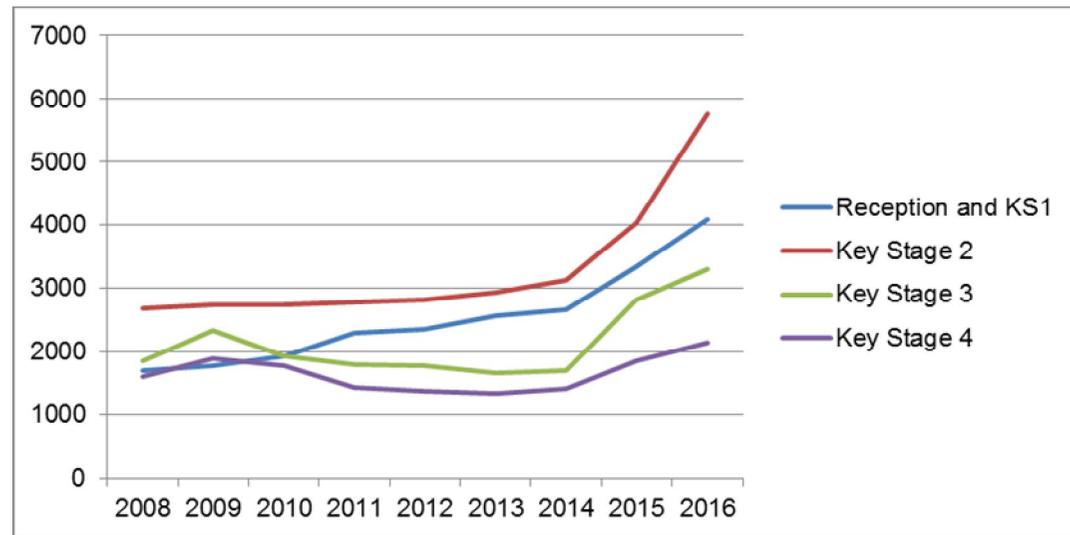
- To consider all aspects of current use of the HNB.
- To establish a clear, shared understanding of all aspects of HNB with colleagues and partners.
- To understand the impact and context of services commissioned through the HNB.
- To understand the impact and context of services directly managed services within the LA funded by the HNB.
- To compare the use of the HNB with statistical neighbours and other regional LAs.
- To identify options for increasing best value in all spending.
- To identify and recommend options for making savings to balance the budget and promote future sustainability.

The review has been undertaken by a working group under the leadership of Sue Rumbold, Chief Officer for Partnerships, Children and Families Services. A consultant was also commissioned to support early work to scope the review and establish the working group. The working group has also provided opportunities for stakeholders across education to participate in the review, including multiple focus groups in September 2017.

A: scope and context: local increase in SEND needs:

- Population rise: the birth rate in Leeds increased rapidly over the past decade and continues to increase at around 10,000 live births per year. The population of those with SEND has increased accordingly. Identification of SEND needs has also improved in recent years; as has the number of babies surviving premature birth, where SEND needs may result.
- The chart below right illustrates numbers of pupils in Leeds schools with an identified primary SEND need, 2008 to 2016:

- Population growth is projected to continue. **The number of learners with SEND is projected to increase by 13.8% by 2020.**
- The largest increases will be in KS2 and KS3.
- The most significant areas of need are: speech, language and communication difficulties; moderate learning difficulties; and social, emotional and mental health needs.



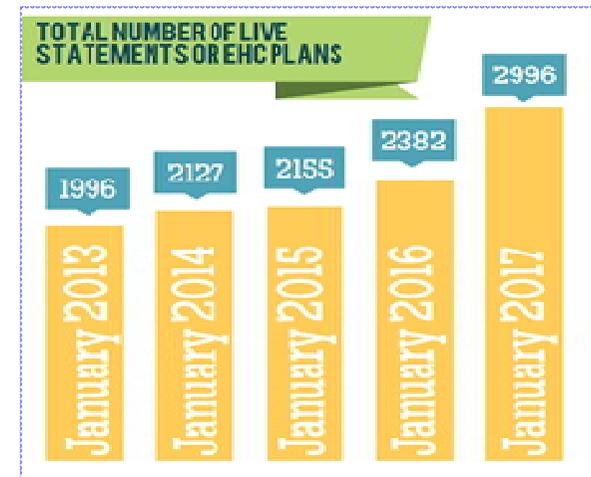
- The most significant areas of need for pupils with complex needs and EHC plans: autism spectrum conditions; moderate learning difficulties; and severe learning difficulties.

Data source: 'Leeds child special education needs and disability (SEND) population overview', Children's Performance Team, November 2016, referring to data supplied from January Schools Census 2016.

A: scope and context: the impact of rising needs on sufficiency and capacity in local SEND provision:

- A new statutory requirement to support 19-25 year olds remaining in education with complex needs via an EHC plan (where assessment finds it necessary) came in to force in 2014 (*Children and Families Act 2014*).

- As illustrated on the right, the number of EHC plans in Leeds has increased significantly due to both population growth and this new 19-25 responsibility. This impacts on the capacity of the team delivering plans and practitioners contributing to them.



- Places in specialist schools have also increased as the LA works with schools on expansions to meet rising demand. Places in Leeds SILCs increased from **929** in 2013, to **1241** at July 17.
- Between 2014 and 17, the number of out-of-area places commissioned by the LA tripled to approx.130 at April 17. 83 of these were for social, emotional and mental health (SEMH) needs. This will improve as our new SEMH provision is established; we project that out-of-area places will reduce to approx. 80 places at 2020.
- The number of young people in Independent Specialist College placements post-19 increased from **15** learners in Sept 2014 to **23** learners in Sept 2016. This is due to learner preference and the extended entitlement from 19-25, and is likely to continue.

A: scope and context: local strategic reviews of SEND provision and post -16 specialist provision:

- The Government has requested that all local authorities keep their SEND provision under review to make sure that future planning for specialist places is considered in a sustainable way and in line with the type of provision that families and children and young people want.
- It is important to note therefore, that at the same time as the HNB is being reviewed to consider making savings, in Leeds we will also be consulting with stakeholders over the future planning of SEND provision in our city.
- The review and consultation will be underpinned by our Leeds vision of mainstream school as the starting point for all CYP and our commitment to inclusion. However, if the review finds that we need to increase places in specialist settings, there will be an impact on the funding provided by the HNB for these places longer-term. We need to consider this as we review the future of the HNB.
- In Leeds we have also recently been reviewing our local offer of provision of specialist education post-16. This is in response to changes brought in by the DfE in 2013, which based post-16 education funding on a notional 600 hours of provision across all types of setting.

A: scope and context: are we achieving our SEND strategy objectives?

- Most critically: education outcomes for learners with SEND in Leeds are poorer than those of their peers:

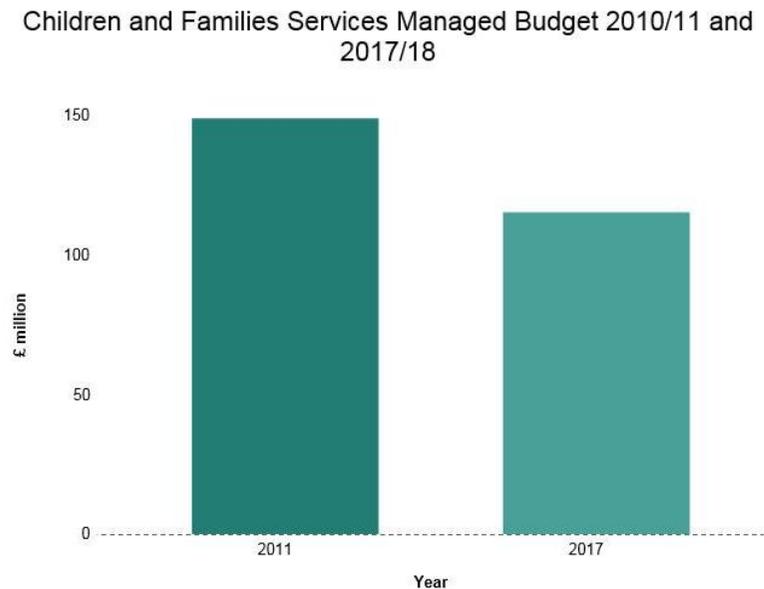
‘Overall, educational outcomes for children and young people (in Leeds) who have SEND are poor. Indicative results for 2016 reveal that progress in half the secondary schools is slow, particularly for those who need additional support.’

(Ofsted/CQC joint inspection report, December 2017)

- Whilst there is a complex relationship between financial inputs and educational outcomes, what is clear is that the overall system is not working for our children and young people with SEND. These vulnerable learners’ outcomes are not where we would want them to be and generally compare poorly to results in other areas and the national average.

A: scope and context: the challenge of meeting rising needs in the current economic climate:

- Between 2010/11 and 2017/18 Leeds City Council's core funding from government has reduced by around £239.1 m. It is anticipated that reductions may well continue in the years ahead. Nationally, the LGA has identified a funding gap of £2 billion expected by 2020 for children's services.
- The Leeds Children and Families Services managed budget has reduced from £149 m in 2010/11 to £115.3 m in 2017/18, a reduction of £33.7 m



- It is estimated that there has been a reduction of approx. £43m in specific grants for Children and Families Services. This includes a reduction of £6.8m on the general duties element of the Education Services Grant which ceased at the end of August 2017.
- A report on the Council's Medium Term Financial Plan was taken to Executive Board in July. This report identified an estimated funding gap of £83.0m to 2020/21. Savings of £38.8m have already been identified, leaving savings of £44.2m still to be identified in the next 3 years.

A: Scope and context: guidance on use of the High Needs Block in brief:

Summary of: [High Needs Funding: operational guide 2017-18:](https://www.gov.uk/government/publications/high-needs-funding-arrangements-2017-to-2018/high-needs-funding-operational-guide-2017-to-2018)

[https://www.gov.uk/government/publications/high-needs-funding-arrangements-2017-to-2018/high-needs-funding-operational-guide-2017-to-2018:](https://www.gov.uk/government/publications/high-needs-funding-arrangements-2017-to-2018/high-needs-funding-operational-guide-2017-to-2018)

- The High Needs Block (HNB) is part of the Dedicated Schools Grant (DSG), a ring-fenced grant paid in support of the LA's schools' budget. The DSG is the main source of income for the schools' budget. The HNB supports educational provision for learners with SEND. The Children and Families Act 2014 extends LA's statutory duties relating to SEND across the 0- 25 age range.

- Pupils and students who receive support from an LA's HNB include:
 - CYP aged 0-5 in early years education who have SEND needs (with or without an EHC plan) and require additional support costing over £6 k.
 - CYP aged 5-18 in **mainstream** maintained, academy and independent schools and FE institutions who have SEND needs (with or without an EHC plan) and require additional support costing over £6 k.
 - CYP aged 5-18 in who have SEND needs with an EHC plan and who require a place, and in some cases also additional funding support, in a **specialist** maintained, academy or independent school or FE institution. (NB: those aged post-16 in specialist settings are eligible for 3 days of education or equivalent hours, only).
 - 19-25 year-olds in education with an EHC plan (LAs must NOT use their HNB to fund 19- 25 year olds without an EHC plan).
 - Compulsory school-aged pupils placed in alternative provision by LAs or schools.
 - CYP who are unable to attend school for medical reasons.

A: Scope and context: guidance on use of the High Needs Block in brief (cont.):

- LAs should use their HNB to provide the most appropriate support for individuals with SEND to support **better outcomes**.
- LAs and institutions should collaborate to achieve best use of HNB funding.
- The HNB is not separately ring-fenced within an LA's DSG. LAs can decide to spend more or less of the total funding than they have been allocated for high needs. LAs decide how much to set aside in their HNB for place and top-up funding to institutions. Some of the place funding is included in an LA's initial DSG allocation and then deducted by EFA so that it can pay the funding direct, for example to academies.
- LAs may also use their HNB to pay for centrally delivered services relating to SEND and alternative provision , as permitted by [The School and Early Years Finance \(England\) Regulations 2017](http://www.legislation.gov.uk/uksi/2017/44/contents/made) <http://www.legislation.gov.uk/uksi/2017/44/contents/made>
- LAs may also use their HNB to commission services relating to SEND and alternative provision.

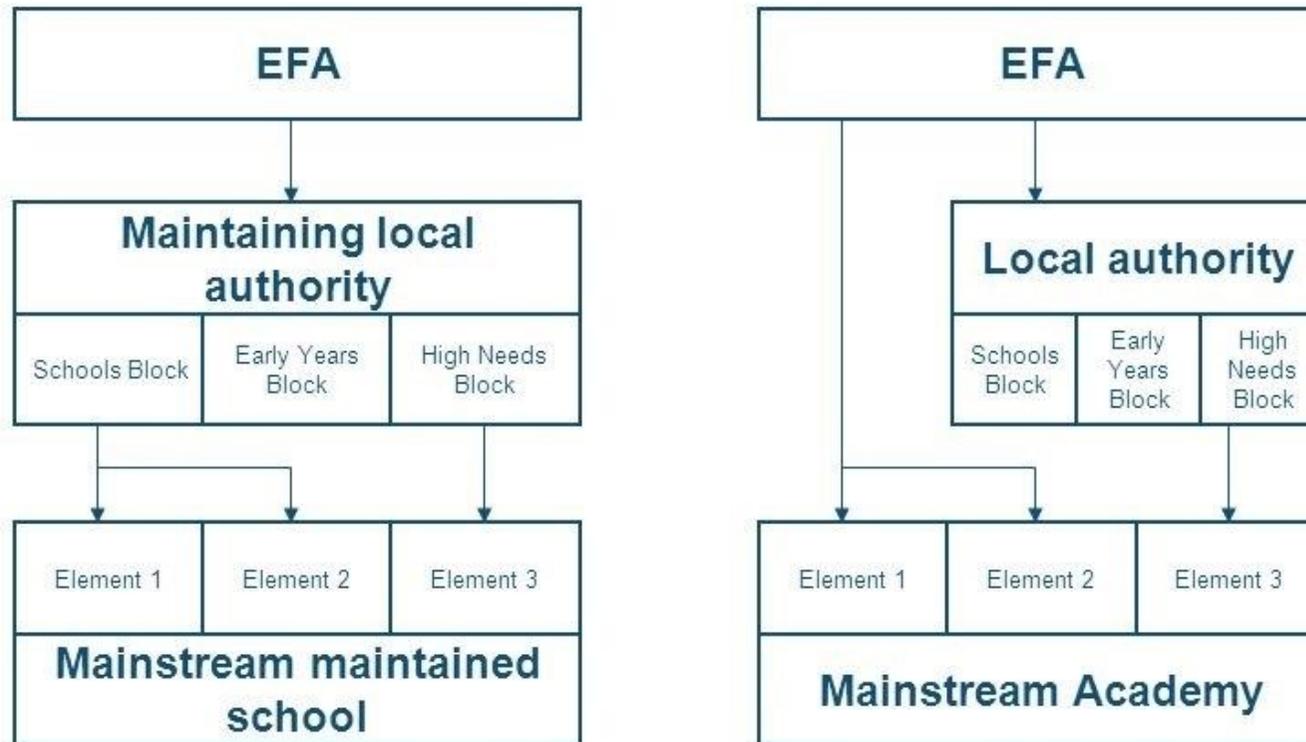
A: scope and context: the school funding system (reformed in 2013 and operational to date):

	Pre-16 SEN and AP		Post-16 SEN and LDD
	Mainstream settings	Specialist settings	All settings
Element 1: Core education funding	Mainstream per-pupil funding (AWPU)	Base funding of £10,000 for SEN and £8,000 for AP placements, which is roughly equivalent to the level up to which a mainstream provider would have contributed to the additional support provision of a high needs pupil. Base funding is provided on the basis of planned places.	Mainstream per-student funding (as calculated by the national 16-19 funding system)
Element 2: Additional support funding	Contribution of £6,000 to additional support required by a pupil with high needs, from the notional SEN budget		Contribution of £6,000 to additional support required by a student with high needs
Element 3: Top-up funding	"Top-up" funding from the commissioner to meet the needs of each pupil or student placed in the institution		

Source: *School funding reform: next steps towards a fairer system*, DfE, 2012:
<https://www.education.gov.uk/consultations/downloadableDocs/School%20funding%20reform%20-%20Next%20steps%20towards%20a%20fairer%20system%20Mar%202012%20FINAL.pdf>

NB: place funding for alternative provisions quoted above at 2013, was increased from 8k as above, to 10k at 2016/17.

A: scope and context: the school funding system: the different sources of funding for academies and mainstream schools (as per reforms in 2013 under the EFA, now ESFA):



Source: *School funding reform: next steps towards a fairer system*, DfE, 2012:
<https://www.education.gov.uk/consultations/downloadableDocs/School%20funding%20reform%20-%20Next%20steps%20towards%20a%20fairer%20system%20Mar%202012%20FINAL.pdf>

A: scope and context: the school funding system: responsibilities of mainstream schools:

- Schools have a duty to identify, assess and make special educational provision for all children with SEND. Every mainstream school receives an amount of money to help them to do this: the 'notional SEN budget' (element 2 funding). The government recommends that schools use the notional SEN budget to pay for up to £6,000 worth of support to meet a CYP's SEND needs.
- The amount in this budget is based on a formula agreed between schools and the LA. The formula usually gives more money to schools with more CYP on free school meals and more CYP not doing well in English and Maths, as these are indicators of how many CYP with SEND they are likely to have. If schools go on to have more CYP with SEND than estimated, they can ask the LA for more notional inclusion funding. In Leeds, this has been supported to date; at October 16, 125 (48%) of Leeds schools were provided with additional notional inclusion funding (*Report to schools forum, Funding for Inclusion – Revision of criteria and processes, October 2016*).
- The notional inclusion budget is 'notional' because schools may spend this as they see fit; the funding is not linked to individual children.
- The LA has a duty to set out a 'core offer' of SEND support that local mainstream schools are expected to provide using their notional inclusion budgets. This must be published on their Local Offer site. You can find this here: <http://www.leeds.gov.uk/residents/Pages/Education-offer-and-SEN-strategy.aspx>. Schools must also publish details of how they deliver this offer.

Source: summarised from *School funding reform: next steps towards a fairer system*, DfE, 2012: <https://www.education.gov.uk/consultations/downloadableDocs/School%20funding%20reform%20-%20Next%20steps%20towards%20a%20fairer%20system%20Mar%202012%20FINAL.pdf>

B: Analysis of the HNB: the available budget at 17/18 after adjustments:
(based on original estimates 17/18):

- The table below sets out the total available budget at the beginning of 17/18 after various deductions and growth allocations factored. More detail is provided on the following pages.

	Budget (£000)	Description
High Needs Block baseline	60,750	The initial DSG High Needs Block funding brought forward from the previous financial year, prior to deductions (<i>detailed on next page</i>).
Place number adjustments	574	Post-16 transfer into baseline, estimated additional growth for increase in high needs places.
Growth funding	2,030	The ESFA growth funding allocation, reflecting the current high needs numbers in Leeds.
Places funded directly by the ESFA	-8,595	The actual place funding deduction from the HNB allocation for the high needs places funded through the ESFA post-16 grant, and also for high needs places that the ESFA fund directly i.e. Academies and FE Colleges.
Funding transferred from Schools Block	2,000	Funding from the Schools Block, transferred into the HNB as agreed by Schools Forum to contribute to anticipated pressures in high needs in 2017-18.
Total HNB grant available	56,759	

B: Analysis of the HNB: ESFA deductions for High Needs Places in detail:

- The initial allocation made to the LA is subject to deductions by the Education and Skills Funding Agency (ESFA) to pay place funding directly to some types of setting, for example academies. Deductions for 2017/18 are set out below:

Institution Type:		2015-16	2016-17	2017-18
		£000s	£000s	£000s
		Actual	Actual	Original Estimate
	<i>Note</i>			
Mainstream academies		- 268	- 297	- 250
Mainstream maintained schools (including resourced provision units)		- 112	- 114	- 114
Special academies		-	- 1,009	- 2,126
SILC (post 16)		- 2,220	- 2,260	- 2,217
Alternative provision			- 23	- 1,290
Non- maintained special schools	1	- 473	-	-
FE colleges & commercial & charitable providers	2	-	-	- 2,598
Total Place Funding DSG Deduction:		- 3,073	- 3,703	- 8,595
<i>1. ESFA removed this from the baseline HNB budget in 2016-17, to be funded directly instead.</i>				
<i>2. This figure reflects an ESFA baseline adjustment to transfer place funding from the ESFA to the Authority.</i>				

- With regard to FE colleges and commercial and charitable providers: the LA received £1.5m funding in our baseline HNB budget for these places. However the total deduction is approx. £2.6m for these places; effectively a shortfall of £1.1m. This is due to a need to commission more post-16 high needs places with these institutions than we have been allocated funding for.

B: Analysis of the HNB: services funded at 17/18 in detail (figures based on original estimates for 17/18):

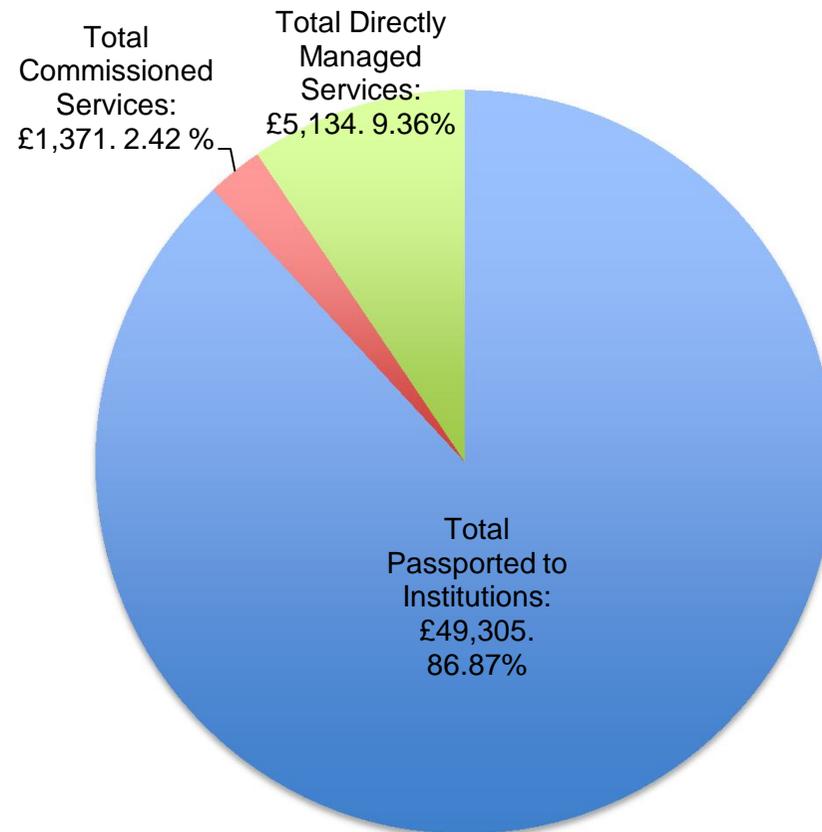
	Budget £000	% budget	Description
Funding passported to institutions:	49,305	86.87	This funds: funding to supplement notional inclusion budgets of mainstream schools with greater numbers of CYP with complex SEND; top-up funding for mainstream schools supporting individual CYP with complex SEND; alternative provision and AIPs; places in specialist schools, including some external to Leeds ; top-up funding for individual CYP in special schools; contributions to the cost of external residential placements.
Services commissioned by Leeds City Council:			
The Medical Needs Teaching Service (commissioned by the LA from the East SILC):	1,277	2.25	The Medical Needs Teaching Service provides statutory education for CYP who cannot attend school due to long-term treatment in hospital. CYP with a medical need who cannot attend school but who are not in hospital may also be taught by the service at the Grafton Centre, or at home if necessary.
Physical Difficulties & Medical Service (commissioned by the LA from the East SILC):	94	0.17	The Service provides: 1) A helpline for schools with queries about the inclusion of CYP with physical difficulties or medical needs; 2) Outreach, assessment, advice and guidance to help schools to ensure access and inclusion; 3) ICT assessment; 4) Safe moving and handling training for schools and mobility and equipment advice
Total commissioned services:	1,371	2.42	
Services directly managed by Leeds City Council:			
Autism support (STARS service)	393	0.69	The team provides support, advice and training to practitioners in schools and settings to build their capacity to meet the needs of CYP with autism conditions and improve outcomes. The service was commissioned from the North West SILC, but was brought in to the complex needs service in 2017.

Continued overleaf

	Budget £000	% of budget	Description
Support for children missing out on education (CME)	257	0.45	The team's role is to identify CYP missing education, make enquiries to locate the CYP and if they are still in Leeds, seek to engage the family in getting the child back onto a school roll and attending school. The pupil tuition team also deliver education to CME e.g. those permanently excluded.
Management of Alternative provision	105	0.18	A contribution to the staffing costs for the management of alternative provision across a number of posts in Children & Families Services.
SEN adaptations	141	0.25	Contribution to adaptations to schools to improve accessibility.
SEN and Inclusion Team (SENIT)	1,773	3.12	Support, advice and training to practitioners in schools and education settings to build their capacity to meet the needs of CYP with SEND and improve outcomes.
The Sensory Service	2,328	4.10	Support for CYP aged 0-25 with hearing and visual impairments. Includes providing specialist teaching and support staff for sensory resource provision in specific schools and peripatetically; screening for new-born babies and direct support for families.
Teenage pregnancy	214	0.38	The Teenage Pregnancy and Parenthood Team (TPPT) supports every school age parent and aims to support young parents to return to education. The team also supports schools to provide Sexual and Relationship Education (SRE).
Virtual school (children looked after)	103	0.18	Contribution to staffing of Safeguarding, Specialist & Targeted Management Team.
Total Directly Managed by Children & Families:	5,314	9.36	
One off impact in 17/18:			
Contribution to reserves	769	1.35	Budgeted underspend on High Needs Block to contribute to deficit reserves balance.
Total High Needs Block Expenditure for 17/18:	56,759	100.00	

B: analysis of the HNB: illustration summarising use of the current budget (based on original estimates for 2017/18)

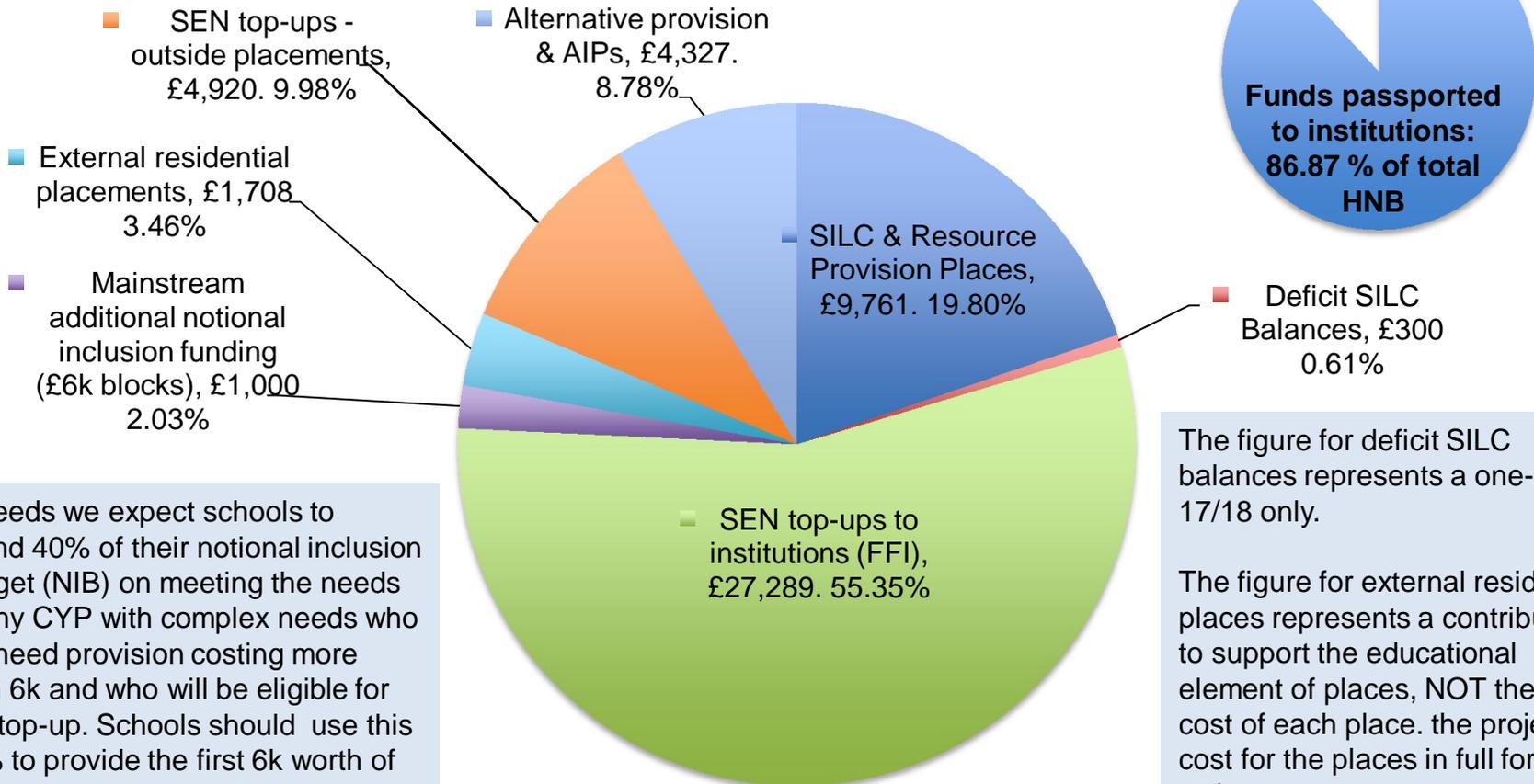
- The chart below summarises briefly how the HNB budget of **£56.759m** (after deductions and adjustments) is allocated at 2017/18, according to **original estimates** (these are subject to changes as the year progresses). **The chart does not illustrate an additional 0.769 m** allocated to support deficit reserves, which represents **1.35 %** of the total budget.
- There are 3 main areas of spending. The largest proportion of the budget is 'passported' (directly delegated) to education institutions (schools, colleges, and early years settings) where it can have the most direct impact.
- A smaller proportion is retained by the LA to deliver services directly managed by the LA. These services provide expert SEND support to schools, settings and CYP which they may not be able to access otherwise.
- A smaller proportion again is used by the LA to commission expert SEND support services which schools, settings and CYP are unlikely to be able to access otherwise.



All figures refer to
£000

B: analysis of the HNB: detail, funding passported to institutions (based on original estimates 17/18):

- The chart below provides a detailed breakdown of funding passported directly to education institutions and school settings in 2017/18.



in Leeds we expect schools to spend 40% of their notional inclusion budget (NIB) on meeting the needs of any CYP with complex needs who will need provision costing more than 6k and who will be eligible for FFI top-up. Schools should use this 40% to provide the first 6k worth of provision for these CYP. However if schools have more CYP with these more complex needs than they can support through the 40% of their NIB, the LA provides an additional block of 6k per additional CYP.

All figures refer to £000

The figure for deficit SILC balances represents a one-off for 17/18 only.

The figure for external residential places represents a contribution to support the educational element of places, NOT the full cost of each place. the projected cost for the places in full for 17/18 was £9.8 million. As shown in the chart, only 1.708 m of this is funded through the HNB. CCGs contribute £1.092 million and Children and Families Services provide the remainder.

B: analysis of the HNB: funding passported to institutions: alternative provision:

- The table below provides further details of funding for alternative provision in 2017/18.
- Operational guidance for the HNB sets out an expectation that up to 10% of the total HNB is spent on alternative provision. The percentage for Leeds is included in the table below (11.5% for 17/18 according to the latest estimate at July 17).

Alternative Provision Investment			
		2017-18	
		£000s	£000s
	Note	Original Estimate	Latest Estimate at July 17
Wellspring Assessment Places (20% of the funding for Special Academies deducted by the ESFA as per previous page)		425	425
Wellspring Top-Up Funding (20%)		535	535
AIP Funding	1	4,327	4,956
Elland Academy Places	2	1,290	1,290
Total AP Funding:		6,577	7,206
% of High Needs Block Funding (before deduction)		10.5%	11.5%
<i>1. Updated following renegotiation of savings.</i>			
<i>2. Funded directly by the ESFA.</i>			

B: analysis of the HNB: funding passported to institutions: the Leeds approach to SEN top up funding (Funding for Inclusion):

Principles of the Leeds FFI system:

- SEN funding is targeted on provision for CYP with SEN.
- Children and families services identify the cohort.
- Severity of difficulty and appropriate provision are linked through a grid that determines the level of funding.
- Funding is allocated once a year
- Funding for CYP with an EHC plan is allocated through the FFI process, but funding is not dependent on having an EHC plan.

Strengths of the system:

- Supports inclusion in mainstream schools
- Funding supports pupil with SEND at the point of delivery
- Reduces need for an EHC plan
- System well embedded in Leeds
- Application and assessment for EHC plans (a resource intensive process) is not driven by funding
- The FFI system was recognised as a strength by Ofsted (December 2016 inspection.)

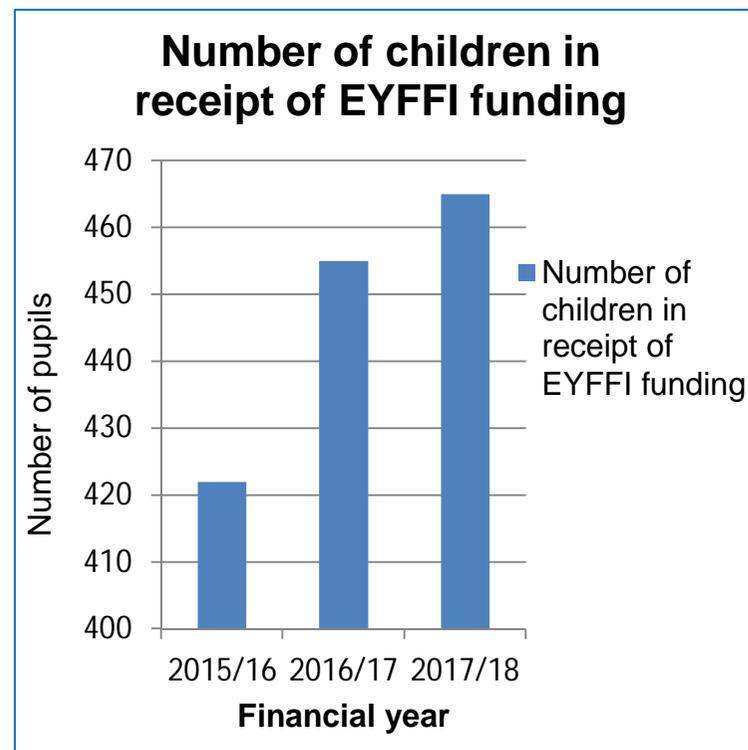
The FFI bands: (all in Tiers 1-3, with 3 representing the most complex SEND and need for the greatest provision of support):

A Band – Cognitive/Learning
B Band – Visual Impairment
C Band – Hearing Impairment
D Band – Physical disability
E Band – Communication and Interaction
F Band – Social, Emotional & Mental Health
G Band – Medical Needs

B: analysis of the HNB: FFI: Early Years FFI:

(NB figures based on data collected at end of each financial year; 2017/18 numbers do not include Spring term payments for 2018).

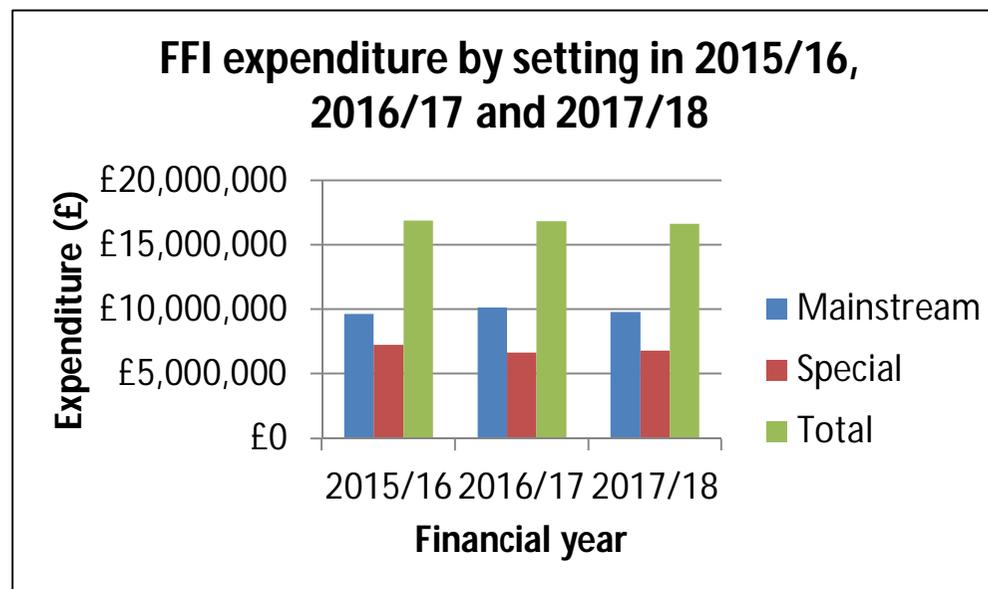
- Demand for and allocation of EYFFI funding has increased in recent years, as illustrated below right. This reflects the recent growth in birth rate and improved early identification of SEND needs and access of support by practitioners.
- Children who have SEND and are looked after, or whose family receives certain benefits, may also now access the Free Early Education Entitlement from 2 years old. This has increased pressure on the budget.
- The forthcoming extended entitlement of 30 hours' free education for working families, rather than 15 hours to date, will add further pressure.
- We have seen a significant increase in EYFFI applications since 2015/16, as practitioners become familiar with the funding system and engage more with SEND support services.
- Most notable increases are seen in E band funding for complex communication needs (speech and language needs and autism conditions)



Total EYFFI expenditure 2015/16	Total EYFFI expenditure 2016/17	Total EYFFI 2017/18 not inc. spring term
£1,415,766	£1,614,924	£1,806,024

B: analysis of the HNB: Funding For Inclusion, Reception to Y11: (not including out of area placements or specialist SEMH provision)

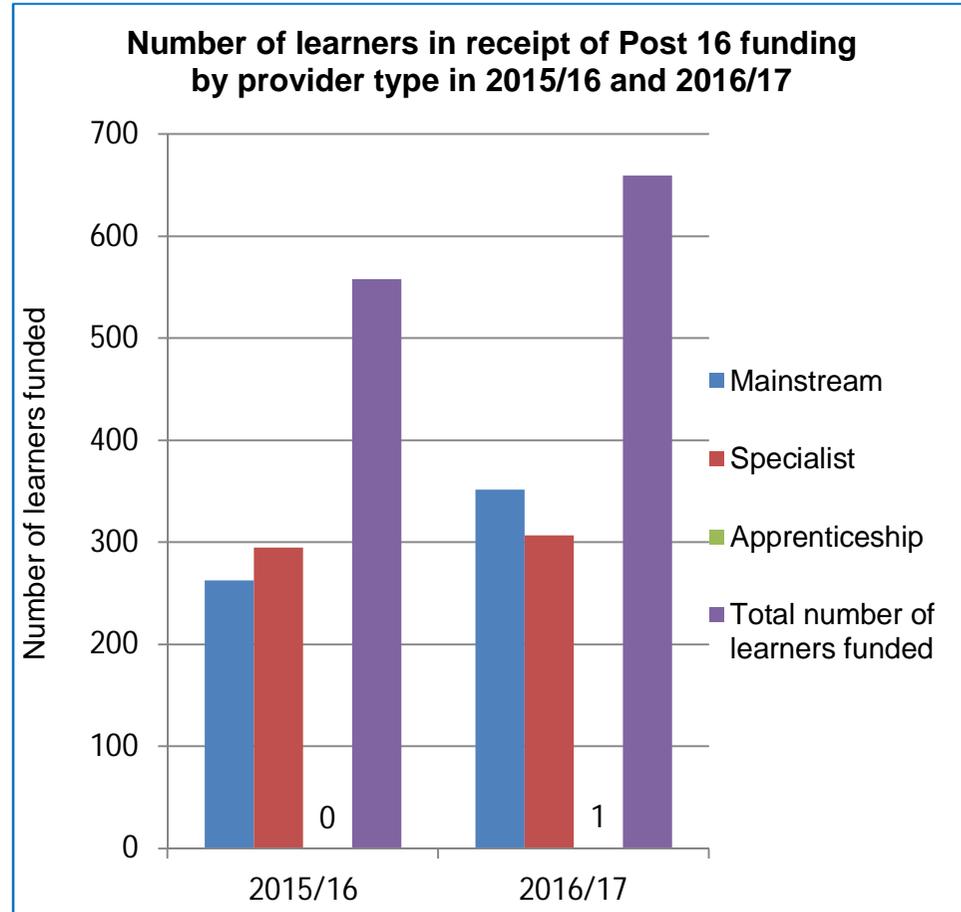
- The apparent static trend for this funding, as shown right, reflects the FFI team’s focus on reducing spend in recent years by ensuring funding applications are assessed appropriately. They have introduced additional scrutiny and quality assurance of applications.
- **However the figures for 17/18 only represent spend up to June 17.** Whilst the majority of the funding will have been allocated during this period, we could still see an increase through learners new to Leeds and exceptional requests.
- Within the bands of funding: we have seen an increase in E band (complex communication needs). This may reflect better identification of needs.
- We have also seen a reduction in A band funding. This may be due to the introduction of a new application-based process (previously funding was awarded on the basis of the teacher’s own assessment; the new process has found that many CYP did not meet the criteria).



Total expenditure 2015/16	Total expenditure 2016/17	Total expenditure 2017/18 at June 17 only
£16,919,196	£16,857,009	£16,634,766

B: analysis of the HNB: FFI in Leeds, post-16 (data collected annually at September):

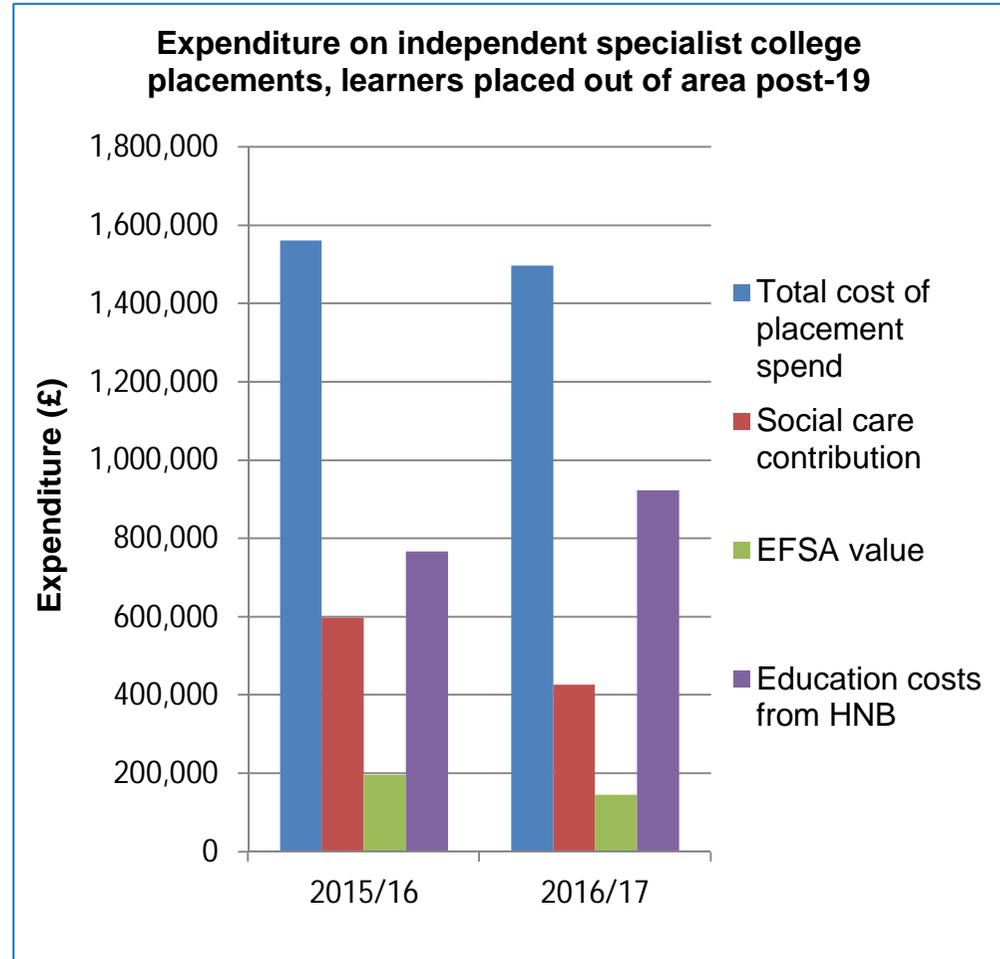
- Prior to 2013, the LA was not responsible for funding Post-16 learners other than those at a SILC – school funding reform in 2013 saw the LA having to take on financial responsibility for all those at Post-16.
- As illustrated on the right, we can see an increase in demand for and allocation of funding: **a 9.7% increase in one year.**
- This reflects not only population growth, but also increased numbers of young people continuing in education post-16. We also have greater numbers of learners with an EHC plan at post-16.
- The funding system has also changed from the Additional Learning Support (ALS) application process, to the continuation of the FFI system post-16, with funding following the learner for equity. This has identified more learners requiring funding.
- As with the early years sector, identification of SEND needs by practitioners and access to support for those needs has improved, with more funding accessed as a result.



Total Post 16 expenditure 2015/16	Total Post 16 expenditure 2016/17
£3,310,860 (558 learners)	£3,631,235 (660 learners)

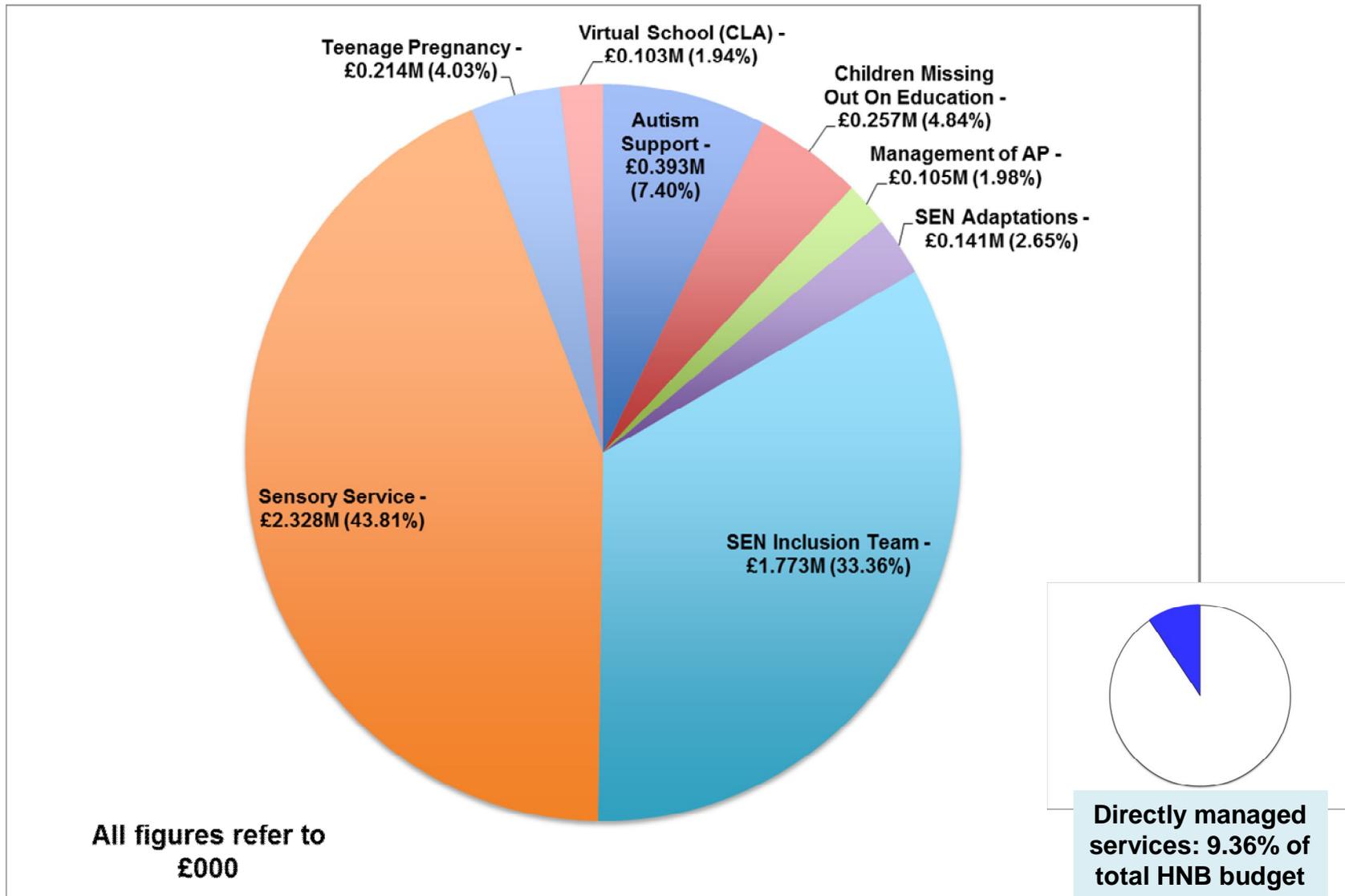
B: analysis of the HNB: FFI in Leeds, post-19: (data collected annually at September):

- The chart on the right illustrates new pressures on the HNB. The 2014 Children and Families Act brought a new 0-25 system and a requirement to provide an EHC plan and suitable educational provision for learners remaining in education post-19 who have complex needs and meet the criteria for EHC needs assessment. Formerly, this ceased at 19.
- We have seen an increase in complexity of educational needs, resulting in increased costs.
- If 5 day package at an Independent Specialist College Provision is required and there is an open, active case in adult social care, adult social care are asked for a contribution .
- Usually only learners with the most complex of needs go out-of-area at Post-19. Where social care are involved they make a contribution.



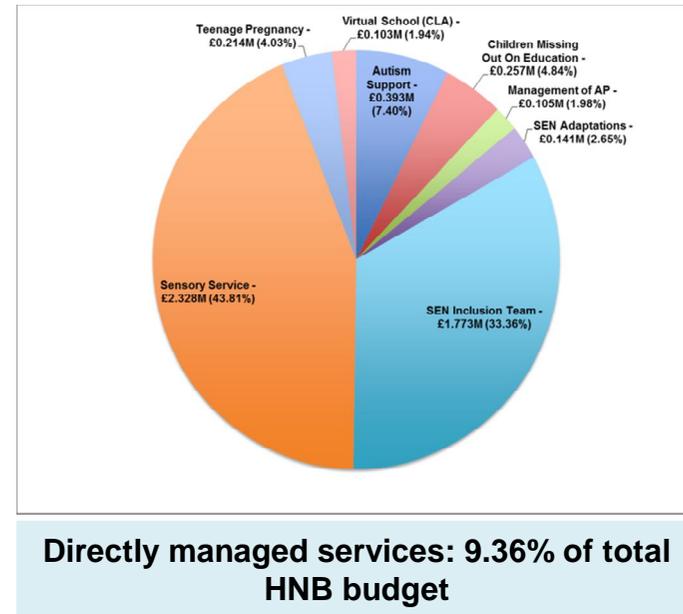
ISCP Education costs from HNB 2015/16:	ISCP Education costs from HNB 2016/17:
£767,182 (21 learners)	£924,000 (23 learners)

B: analysis of the HNB: breakdown of the budget at 17/18 (based on original estimates): directly managed services:



B: analysis of the HNB: directly managed services in detail:

- The highest areas of spend are the Sensory Service, the SEN and Inclusion team (SENIT) and support for autism conditions (via the STARS team, formerly commissioned by the LA from the North West SILC and recently transferred into the Council).
- The Sensory Service enables the LA to fulfil its statutory obligation to CYP with low incidence sensory needs who require highly specialised support. At August 17, the Service's caseload consisted of approx. **1,330** CYP. About a third of of these CYP had an EHC plan. In the past 12 months the Service has seen their **caseload increase by approx. 12 %**; there have been no changes to criteria.
- During the academic year 16/17, approx. 310 settings accessed support from the SENIT team; approx. 1500 learners were supported - **an increase of over 11% compared to the previous year.**
- The STARS team provided Autism Education Trust (AET) accredited training to over **1600 practitioners in approx. 170 schools and settings** during the academic year 16/17. This training is not delivered by any other local provider.
- The STARS team also responded to approx. **240 referrals from Leeds schools and settings** to support individual CYP with a diagnosis of autism. The typical waiting time from referral to the initial school visit is currently 3 to 4 months. The number of referrals is increasing and waiting times are becoming longer as a result.



B: analysis of the HNB: directly managed services in detail:

- As illustrated below, the amount of funding from the DSG allocated to the complex needs service has remained virtually static in recent years, despite increasing demand for services and rising on-costs.

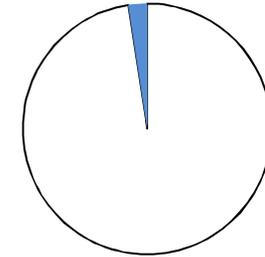
Year:	2013/14	2014/15	2015/16	2016/17
Total HNB Funding allocated (£)	4,276,767	3,856,540	4,114,212	4,107,600

- In addition to the directly-managed services funded by the HNB, there are other significant services for learners with SEND funded via Leeds City Council's base budget. These include:

Service:	2017/18 Net Budget
	£000
Short Breaks	2,832
Children's Health and Disabilities (social work teams)	2,054
Disability Children's Homes	1,946
Educational Psychology Team	1,424
Other SEN Services	946
Transport for SEND pupils	10,416
Total	19,618

B: analysis of the HNB: commissioned services at 2017/18:

- At 2017/18, the LA is using a small proportion – 2.4% - of the HNB budget to commission the following services from the East SILC:
- **Medical Needs Teaching Service:** this supports the statutory education entitlement of CYP with medical needs, including CYP in hospital, and CYP who are not in hospital but cannot attend school and require a specific learning environment or teaching at home. These CYP remain on the roll of their original school and they access the support at no cost to the school.
- **Physical Difficulties and Medical (PD Medical) service:** The Service provides support, advice and outreach services to schools to help them support physical and medical needs. The service also provides safe moving and handling training for schools.
- Commissioning central city-wide provision in this way ensures CYP and schools can access expert support which would be difficult to replicate cost-effectively on a local or individual school level.
- The Medical Needs Teaching Service was inspected by Ofsted during their February 2017 inspection of the East SILC. Ofsted described their provision as ‘highly effective’ and stated that learners accessing the service ‘make good progress because of effective teaching’. Quality of leadership of the service was also praised. (Source: <https://reports.ofsted.gov.uk/inspection-reports/find-inspection-report/provider/ELS/108119>)
- At 2017, a review of the PD Medical Needs service is underway to re-appraise need for the service, quality of the service, and cost-effectiveness of service delivery. Regular, rigorous review is built into the commissioning process of all commissioned services.



**Commissioned services:
2.42% of total HNB
budget**

B: analysis of the HNB: summary of pressures and savings at September 17:

In summary, our analysis of the HNB has identified significant areas of pressure as follows:

- Top-up (FFI) funding is likely to remain an area of significant spending in the years ahead. This funding represents approx. 57% of the total HNB so the impact would be considerable.
- Our local review of SEND provision is ongoing, but trends to date suggest continued rising demand for places in local specialist provision. This is our second highest area of spending after top-up funding (FFI), so the impact would be considerable.
- Outside specialist placements are likely to remain areas of overspend in the short term future, largely due to the ongoing pressure of providing for CYP with complex SEMH needs and lack of suitable local provision to date. Our new local specialist SEMH provision will be fully operational from late 2018 and will reduce demand for these places. However we are also seeing a rise in need for external provision for those with complex autism needs, which may have an impact.
- There have been discussions with AIPs about sustainable budgets to enable them to continue to make provision for CYP with exceptional SEMH needs. Schools Forum agreed to £1.810m of savings on the AIP contributions in 17/18 at their January 2017 meeting. Since then, discussions with AIPs have been ongoing and resulted in savings of only £0.881m being applied. This resulted in an overspend of £0.929m. However, an exercise was also carried out to identify any excess balances over 15% which resulted in £0.300m identified to be recovered from the AIPs for 17/18. This means that for 2017/18, the projected costs are £0.629m more than the budget and for 2018/19, £0.929 m more.

B: analysis of the HNB: summary of pressures and savings at September 17 (cont.):

- Additional funding has been agreed for SILCs to support transitional arrangements whilst the post-16 specialist offer is being reviewed. This is estimated to cost an additional £0.2m (net of an expected contribution from Adult Social Care).
- An additional £0.5m is anticipated for set-up costs of our new specialist SEMH provision in 2017/18. A further £395k is anticipated for these set-up costs in 2018/19.
- The latest estimate for the North West SILC deficit on conversion to academy status has increased by £0.5m. The final deficit balance is dependent on when the conversion completes and if it is delayed further, the deficit will increase.

There are also some areas of identified savings, although these are minimal:

- As reported to Schools Forum in February 2018, the Early Years Block of the DSG is now funding some of the SENIT and Portage costs, freeing up £0.6m high needs funding.
- Following receipt of updated DSG allocations for 17/18, the academy recoupment is lower than expected, giving an increase in funding of approx. £0.5m.

B: analysis of the HNB: projected future position for the HNB:

- The HNB allocation for Leeds is projected to increase in future years, in line with illustrative allocations issued as part of the consultation on the national funding formula for high needs. Actual and projected HNB funding received by Leeds for 2016/17 to 2021/22 after deductions by the ESFA are as follows:

	2016/17 Actual	2017/18 Original Estimate	2017/18 Projection	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Total HNB grant	55,097	56,759	57,242	56,414	59,680	63,284	67,024

The projected funding is dependent on a number of factors which have not been confirmed and are subject to change. The most significant factors are as follows:

- The illustrative allocation provided with the consultation suggested that that Leeds would gain by an additional £8.8m in the first year. However, the consultation also stated that LAs seeing funding formula gains of greater than 3% in the first year would see their gain limited to 3%. These calculations assume that the same limit will be applied in future years.
- In recent years, there has been an additional allocation to reflect population growth. Under the new national funding formula, 60% of the funding will be pupil led, with 40% based on historic spend. It thus seems reasonable to assume some growth funding, and for these figures possible growth has been estimated (using the 2017/18 increase in the HNB allocation for growth and the projected increase in future years' population growth). However, growth funding has not yet been confirmed.
- The projections include deductions by the ESFA to fund places directly (e.g. places in academies). The deductions are estimated here according to indications at 2017 but may vary. Any variance will have an impact funding available.
- These figures assume that the former £2 m transferred from the Schools Block to the HNB in 17/18 will NOT recur in future years.

B: analysis of the HNB: projected future position for the HNB (cont.):

	2016/17 Actual	2017/18 Original Estimate	2017/18 Projection	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	Comments
	£000	£000	£000	£000	£000	£000	£000	
Total HNB grant after adjustments:	55,097	56,759	57,242	56,414	59,680	63,284	67,024	
Total Passported To Institutions	53,407	49,305	53,465	53,824	54,094	54,277	54,954	Includes increased costs as a result of population increases
Total Commissioned Services	1,372	1,371	1,389	1,562	1,568	1,574	1,580	Includes increased demand for services and cost of living increases.
Total Directly Managed Services	4,352	5,314	4,639	4,769	4,816	4,855	4,894	Includes cost of living increases.
SEMH set up costs	718	0	535	395	0	0	0	Payments to Wellspring for set-up costs.
SEMH prudential borrowing costs	0	0	0	1,084	1,084	1,084	1,084	Costs of building new SEMH provision.
Contribution to reserve	0	769	0	1,000	1,000	1,000	1,000	Contribution to reduce deficit reserve.
Total Other Costs	718	769	535	2,479	2,084	2,084	2,084	
Total Expenditure	59,849	56,759	60,028	62,634	62,562	62,790	63,512	
Shortfall (Surplus)	4,752	0	2,786	6,220	2,882	(494)	(3,512)	

While these figures appear to show a healthy surplus from 2020, in the short-term we are projecting a shortfall. The projections are dependent on various assumptions as per the previous page. **If we are to future-proof the HNB against any negative impact of variance to our projections, it is vital that we do not allow our current and projected short-term future overspend to continue** . We also need to consider the HNB in the context of the wider position for the DSG.

B: analysis of the HNB: projected future position for the HNB: the wider DSG:

- As noted on the previous page, it is important to consider the HNB in the context of the wider DSG. The HNB is not ring-fenced within the DSG.
- As noted on the previous pages, Government has yet to confirm if the growth funding allocated in recent years will continue or cease after 2017/18. If it ceases, there will be a negative impact on the HNB and on the wider DSG. The tables below show some estimated figures indicating the possible impact of both scenarios (again, these are estimates only):

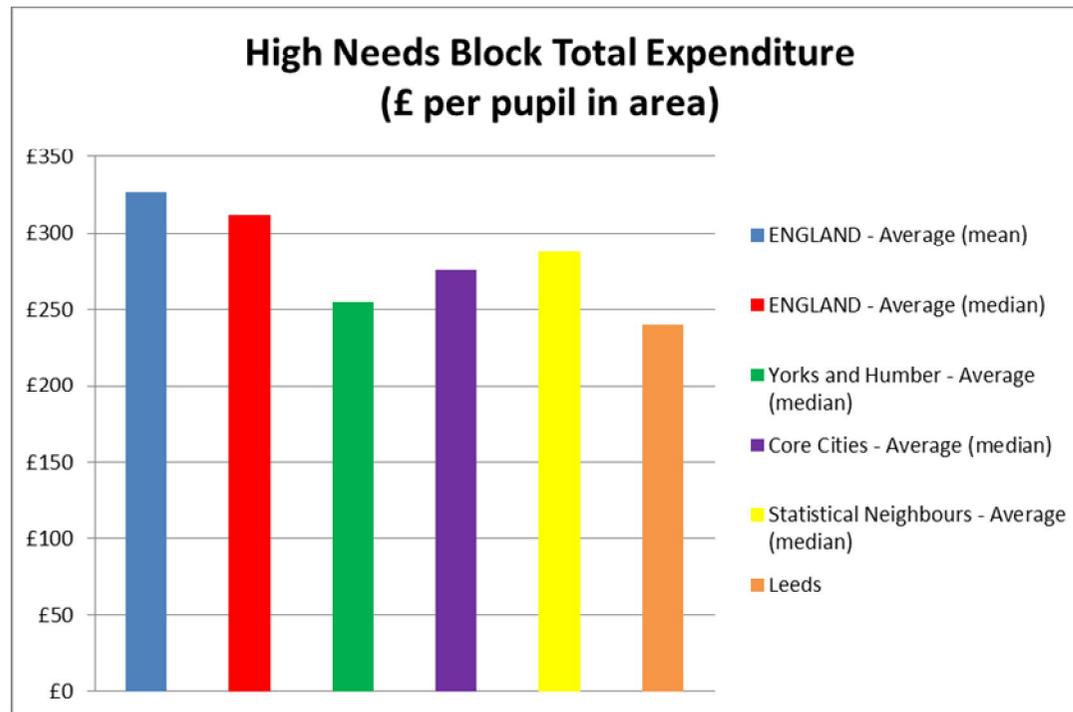
	High Needs Block Analysis		Overall DSG Position	
	In year shortfall (surplus) without growth funding £000	In year shortfall (surplus) with Growth Funding £000	Cumulative DSG deficit without growth funding £000	Cumulative DSG deficit with growth funding £000
2016/17	4,752	4,752	4,161	4,161
2017/18	2,786	2,786	6,176	6,176
2018/19	7,449	6,220	12,625	11,396
2019/20	4,479	2,882	16,104	13,278
2020/21	1,254	(494)	16,358	11,784
2021/22	(1,736)	(3,512)	13,622	7,272

- **As we can see, there is a considerable projected deficit for the DSG all years up to 2021/22, particularly if growth funding is not allocated.**

C: learning from other areas:

- As part of this review we have sought information about approaches to HNB funding in other LAs. We have analysed national data about HNB spending across all LAs, and data about outcomes for CYP with SEND across all LAs, to compare our position with national averages and statistical neighbours. We have also sought information through the regional SEND network, as this includes neighbouring areas and many of our Statistical Neighbours.

- As illustrated on the right: Leeds has a relatively low overall budget for the HNB at present. Total funding is below the average in all benchmark areas (Yorks. & Humber, Statistical Neighbours, Core Cities).



- Total HNB funding is 25% lower than the national average (mean) of £327 per pupil. It is only £240 per pupil in Leeds.

- The current baseline funding has been established using historic spend, which rolls forward and is adjusted for growth and other baseline adjustments set by the ESFA. We believe that this approach has led to an underfunding of the HNB allocation for Leeds, as our situation has changed and our historical spend no longer represents our local context. This means that we as an LA gain through the new national funding formula proposals; however this gain is “capped” and so will not be realised immediately.

C: learning from other areas:

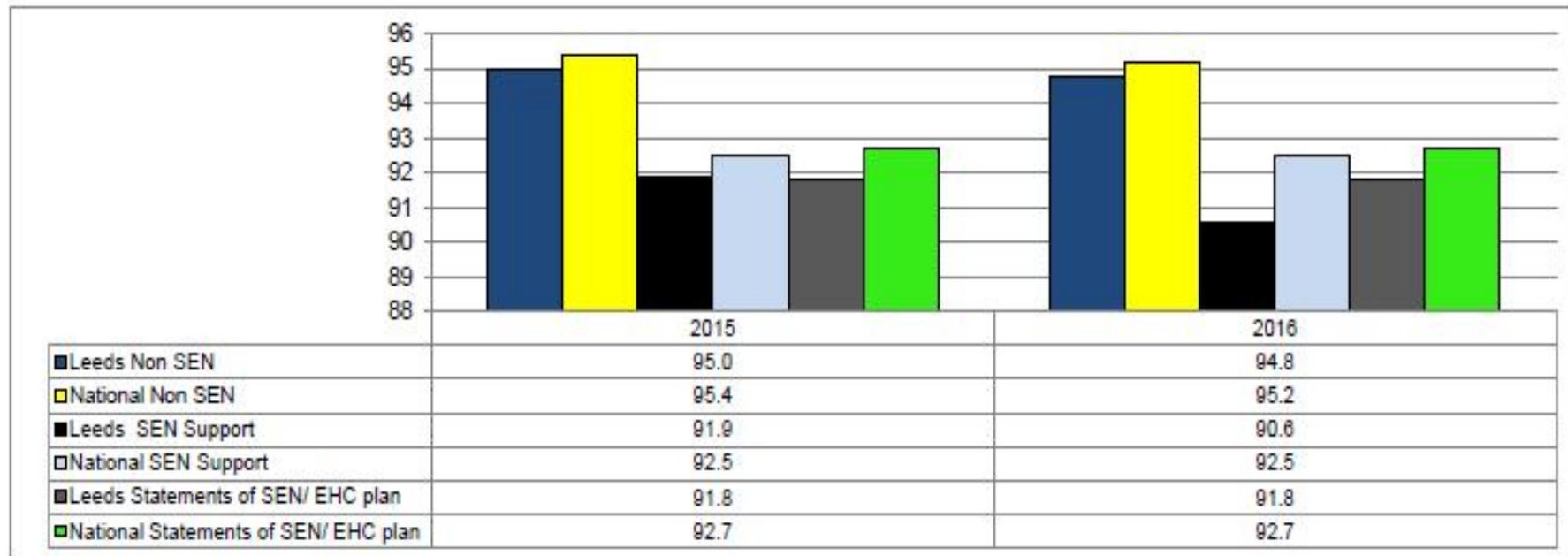
- As illustrated on the previous page, Leeds appears to have a relatively low HNB budget in comparison to others at present. Analysis of more detailed financial data is hampered by accounting differences but the data suggests that :
 - Leeds spends much more on ‘Other Alternative Provision’ - £34 per pupil compared to £7-11 in benchmarks.
 - Leeds spends more on ‘targeted additional funding to mainstream schools’ - £11 per pupil compared to £0-5 in benchmarks.
 - Leeds spends relatively little on top-up funding to independent providers and academies - £61 per pupil compared to £65-124.
- We have also found evidence of other LAs experiencing overspend of HNB funding. Leeds is not amongst those reporting the most significant projected overspend at 17/18.
- We have also found that Leeds appears to have an atypical approach to providing additional ‘blocks’ of funding to supplement notional inclusion budgets (NIBs) in mainstream schools. In Leeds, schools are expected to spend 40% of their NIB on meeting the needs of CYP with more complex needs (where provision of support will cost over 6k and they will be eligible for top-up funding/FFI). If a school has more of these CYP than they can fund through that 40%, the LA provides an additional blocks of 6k to the school for each of those CYP, as a matter of course. We have not found evidence of similar practice in other LAs.
- As referenced earlier in this report, Leeds does not compare well to other LAs in terms of educational outcomes for CYP ; this is illustrated in the figures on the following two pages.

C: Learning from other areas: outcomes for CYP with SEND in Leeds compared to our statistical neighbours:

Measure	Value	Trend	Comparison to SN	Rank	Quartile
KS2 – Attainment of SEN Non-Statemented/EHCP Children - RWM	2016 – 11%	New measure	Lowest	122	D
KS2 – Attainment of Statemented/EHCP Children - RWM	2016 – 3%	New Measure	Lowest	111	D
Average Attainment 8 at end of KS4 – pupils with SEN support	2016 - 33.4%	New Measure	3 rd lowest	118	D
Average Attainment 8 at end of KS4 – pupils with EHCP/Statement	2016 - 11.3%	New measure	2 nd lowest	139	D
Average Progress 8 score per pupil with SEN Support at end of KS4	2016 -0.57	New measure	4 th lowest	120	D
Average Progress 8 score per pupil with Statement/EHCP at end of KS4	2016 -1.46	New measure	2 nd lowest	136	D
% GCSE A*-C of SEN non Statement/EHCP Children in E&M	2016 – 25.3%	New Measure	3 rd lowest	59	C
% GCSE A*-C of Statement/EHCP Children in E&M	2016 – 8%	New Measure	3 rd lowest	72	D
% of KS4 SEN Pupils without statement/EHCP going to, remaining in education and training overall	2015 – 81%	Upwards	2 nd lowest	143	D
% of KS4 SEN Pupils with statement/EHCP going to, remaining in education and training overall	2015 -88%	Downwards	Lowest	111	D
% 19 year olds qualified to Level 2 inc E&M – young people with SEN but no statement/EHCP	2016 – 30.3%	Upwards	2 nd lowest	125	D
% 19 year olds qualified to Level 2 inc E&M – young people with SEN and statement/EHCP	2016 – 12.7%	Upwards	Middle	107	C

C: Learning from other areas: attendance for CYP with SEND in Leeds compared to national averages:

2015-16, Percentage attendance in secondary schools, half terms 1-6 - SEND



	Change from last year
Leeds Non SEN	-0.2
Leeds SEN Support	-1.3
Leeds Statements of SEN/ EHC plan	Static

D: possible options for reducing overspend:

- The HNB review group has identified possible options for reducing the current overspend, as set out below. Some of the options arose from this review; others were identified by the FFI review group. Some options were discussed at the Schools Forum in October 2016, but not implemented at that time.
- We have considered a principle of prioritising funding for CYP with the most complex of SEND needs (as opposed to lower level needs which mainstream settings are arguably more equipped to manage).
- These options were the main discussion point for our consultation with partners.

Option:	Potential saving:	Notes/implications (– negative impact; + positive impact):
<p>Option 1: Cease to provide additional notional inclusion budget (NIB) funding to schools as a matter of course: in Leeds we expect schools to spend 40% of their NIB on meeting the needs of any CYP with complex needs who will need provision costing more than £6,000 and who will be eligible for FFI top-up. Schools should use this 40% to provide the first 6k worth of provision for these CYP (with FFI top- up after that £6,000). However if schools have more CYP with these more complex needs than they can support through the 40% of their NIB, the LA provides an additional block of £6,000 per additional CYP. These blocks are funded from the HNB in all cases, as a matter of course.</p>	<p>Up to £1,000,000 per year</p>	<p>- Possible impact on schools' capacity to support pupils in mainstream schools; risk that applications for EHC plans/specialist places increase. Even if criteria for EHC plans were not met in many cases, an increase in applications would have an impact on capacity of SENSAP team and practitioners supporting assessments.</p> <p>+ This would support the principle of focusing HNB funds on those with the most complex needs.</p> <p>+ Relatively simple to communicate and administrate .</p> <p>+ We could still offer the opportunity to apply for additional funding where there are very exceptional difficulties.</p> <p>This practice is not typical. National guidance only states that schools <i>may request</i> additional support.</p>

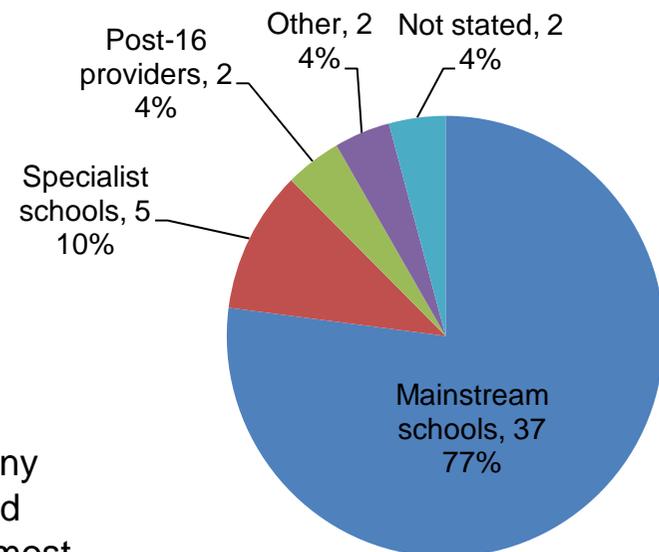
Option:	Potential saving	Notes/implications (– negative impact; + positive impact)
Option 2.1 AIPs: Reduce devolved AIP allocations	Savings for 17/18 of £881,000 identified, plus claw back of excess balances of £300,000.	<p>Schools Forum agreed to £1,810,000 of savings on the AIP contributions in 17/18 at the January 2017 meeting. Since then, discussions have been ongoing and resulted in savings of only £881,000 being applied. This resulted in an overspend of £929,000. However an exercise was also carried out to identify any excess balances over 15% which resulted in £300,000 identified to be recovered from the AIPs for 17/18. This means that for 2017/18, the projected costs are £629,000 more than the budget and for 2018/19 £929,000 more.</p> <p>For 17/18, a new system has introduced additional allocations to AIPs to enable them to make provision for learners with exceptional SEMH needs (place funding of £10, 000 per learner). We need to allow this new system to embed before making further changes.</p>
Option 2.2: AIPs: Claw-back of funding provided to support a Re-inclusion Officer (RIO) if the AIP does not then go on to provide a RIO .	£30,000 per AIP not providing a RIO per year	<p>Uncertain impact on those AIPs who do not have a RIO – how do they use that funding currently?</p> <ul style="list-style-type: none"> - Minimal amount of funding and minimal impact. + Simple to communicate and administrate financially.
Option 2.3 AIPs: increase rigour in claw-back of excess balances in funding devolved to AIPs	For 17/18, claw back of excess balances was £300,000.	This would improve practice in ensuring we spend money wisely, in line with Council values.

Option:	Potential saving	Notes/implications (– negative impact; + positive impact)
<p>Option 3: Move funding from Teenage Pregnancy Support out of HNB as part of existing plans for re-structure of this service.</p>	<p>£214, 000 per year</p>	<p>Alternative means of delivering this service have been identified.</p>
<p>Option 4: Transfer funding from the schools block into the HNB (for 2018/19 only)</p> <p>NB: in 17/18, £2,000,000 was transferred from the schools block to the HNB in this way. If we were to transfer £2,400,000, this would only represent £400,000 more than the budget at 17/18.</p>		<p>The ESFA recently issued the School Revenue Funding 2018-19 Operational Guide. It confirms that ‘LAs will retain limited flexibility to transfer up to 0.5% of their schools block funding into another block, with approval of their schools forum.’ For Leeds, the value of this is expected to be approx. £2,400,000. This is only a confirmed possibility for 2018/19.</p> <p>Leeds has about 100,000 pupils; every £1,000 000 m transferred to the HNB would result in a reduction to schools of approx. £10 per pupil.</p>
<p>Option 5: Consider if the funding for directly managed services e.g. sensory service, STARS/autism support, SENIT is appropriate.</p>		<p>These services are well used and highly valued by schools according to evaluation. Some have significant waiting lists. Schools would be unable to access similar support elsewhere easily, e.g. the STARS team provides nationally accredited training on autism (Autism Education Trust) not otherwise available locally; teachers for those with hearing and visual impairment require extensive training and their expertise is not readily available.</p>
<p>Option 6: Consider if the funding for commissioned services (hospital and home tuition/medical needs service) is appropriate.</p>		<p>These services are well used and typically highly valued by schools according to review/evaluation.</p>

Option:	Potential saving	Notes/implications (– negative impact; + positive impact)
<p>Please note: the following options (7.1 to 7.11) consider possible changes to the current FFI (SEN top-up) system. Potential savings quoted are estimates only and are based on the projected impact if the changes were applied to mainstream schools for Reception to Year 11 - but NOT to SILC and Resourced Provisions. SILCs and Resourced Provisions are protected by The Minimum Funding Guarantee so these options may not be appropriate for them. Potential savings quoted are estimated savings for one year.</p>		
<p>Option 7.1: FFI: Fund only those with Education Health and Care plans</p>	<p>Approx. £5,043,000</p>	<ul style="list-style-type: none"> - Risk to the capacity of mainstream schools to manage SEND needs and possible increase in EHC applications, with potential risks to capacity in the SENSAP team (and impact on schools, EPs and others in terms of time spent making applications/doing assessments). Currently 40% of funded pupils do not have an EHC plan. The initial saving might then potentially be lost longer term. - This would reverse a system identified by Ofsted as good practice. + This would however support the principle of prioritising funding for those with the most complex needs. + It would be very simple to communicate and administrate.
<p>Option 7.2: FFI: Change the unit value – currently £684 per unit – across all FFI bands.</p>	<p>£300,000 (unit value £663) £750,000 (unit value £630) £1,200,000 (unit value £600)</p>	<ul style="list-style-type: none"> + This would be an equitable approach + This would be simple to communicate and to administrate financially.

E: views of colleagues and partners:

- Focus groups were held in September 17 to share learning from this review and to ask stakeholders to consider the various options for reducing overspend and bringing the HNB back into balance.
- Partners from all Leeds schools (including mainstream and specialist schools), all Leeds post-16 providers (and post 16 providers accessed by Leeds students in neighbouring areas), and all Area Inclusion Partnerships were invited to attend. Partners who could not attend were invited to take part by email (2 took up this offer, but did not return any feedback).
- 95 individuals booked onto the focus groups, representing 61 settings. However only 59 attended (62%), representing 43 settings. 49 individuals completed feedback sheets sharing their views.
- Of those who provided feedback, the majority represented mainstream settings, as seen on the right.
- At the focus groups, the findings of this review were shared and discussed. Small groups were then asked to discuss the options as set out on the previous page, with support from facilitators involved in the review and able to answer questions.
- All attending were asked to complete a feedback sheet with any comments on the options, and also to identify up to 5 preferred options, ranking them from 1 to 5 (where 1 represented their most favoured option, 2 their second most favoured option and so on).



Settings represented at focus groups (% to 0 decimal places).

E: views of colleagues and partners (cont.):

- Responses were collated by scoring an option selected as '1' (most favoured option) with 5 points, an option selected as '2' with 4 points and so on. The highest scoring (most favoured) options were as follows (all others scored less than 15 points):

Option:	Score:	Typical Comments:
Option 3: Move funding from Teenage Pregnancy Support out of HNB as part of plans for re-structure. Potential saving: £214,000 p.a.	118	'This is not a SEND specific issue'; 'I wasn't aware of this anyway – what is the logic?'
Option 7.2: FFI: Change the unit value across all FFI bands. Potential saving: £300,000 to £1,200,000 p.a.	72	'Equitable'; 'Equitable and manageable'; 'Not ideal but the least worst option'
Option 2.2: AIPs: Claw-back of funding provided to support a Re-inclusion Officer (RIO) if the AIP does not provide a RIO. Potential saving: £30,000 per RIO	68	'Seems fair'.
Option 2.1: Reduce devolved AIP allocations. Potential saving: Savings for 17/18 of £881,000 were achieved; uncertain if further savings are feasible.	47	'Quality Assurance based on outcomes is needed'; 'Evidence of value based on outcomes?'
Option 2.3: increase rigour in claw-back of excess balances in funding devolved to AIPs: For 17/18, claw back of excess balances was £300,000.	42	'Regular underspend suggests savings could be made'; 'Excess balances should be clawed back'.
Option 7.3: FFI: reduce each tier of funding in every band by 2 units. Potential saving: £2,780,000 p.a.	41	'Seems fairest option'
Option 4: Transfer funding from the schools block into the HNB (for 2018/19 only)	40	'I think we have to do this short term'; 'Fairer as spreads the cuts across CYP without SEND as well'
Option 1: Cease to provide additional blocks of funding to supplement Notional Inclusion Budgets where mainstream schools have greater numbers of CYP with complex needs. Potential saving: £1,000,000	29	'Why is achievement so low (compared to other LAs?) despite this extra funding (which other LAs don't award) ?'; 'This is atypical' (NB: there were also comments strongly opposing this option.)

E: views of colleagues and partners (cont.):

- There were no general comments in written feedback about the review itself; however some partners did comment verbally that they found it useful to see information about spending set out clearly and transparently. Others commented that the analysis of Leeds' funding compared to that of other LAs is helpful in understanding the current position.
- Some of the group discussions also raised concerns about the outcomes for CYP of activities funded by the HNB; this is reflected in some of the comments about specific options.
- The majority of respondents completing feedback (77%) were from mainstream settings. Analysis of the 5 specialist settings' responses does not show any themes or particular differences from other responses (perhaps surprisingly given some options would have less impact on specialist schools than mainstream schools). However if more specialist settings had been represented, results might have differed.
- 4 respondents did not identify any preferred options. One found them all: 'unacceptable'; another commented, 'I just don't know the answer!' Several more could only identify 2 or 3 options.
- 10 respondents – 20% - commented in very strong opposition of Option 7.1 (awarding FFI funding only to CYP with EHC plans). Several simply wrote 'NO!' or 'Do not do this!', while one commented, 'Having come from an LA that does this, I have found the FFI system really empowering...it allows us to support more CYP.'

E: views of colleagues and partners (cont.):

- Options 5 and 6 – reconsidering funding for services directly managed by the LA and commissioned by the LA – had very low scores (2 and 1 respectively). 6 respondents commented in strong opposition of cuts to directly managed services: ‘we need more, not less, of these services’; ‘these services are underfunded’. In terms of commissioned services, there was a comment that the ‘Medical Needs Teaching Service should receive the AWPU that remains with the school the pupil used to attend’.
- There were mixed responses to Option 1 (ceasing to provide additional blocks of funding to supplement notional inclusion budgets in mainstream schools). While this option scored fairly highly, and was the most preferred or second most preferred option of 6 respondents, others made comments strongly opposing it; comments included: ‘Do not do this!’ and ‘Smaller mainstream schools are already struggling, especially as other services have been cut (e.g. speech and language therapy)’. 2 respondents suggested an alternative might be to increase the proportion of their NIB that a school must spend on meeting complex needs before additional blocks of funding are provided (currently this is 40%).
- Option 4 – transfer of funds from the Schools Block of the DSG – was noted as a short term solution only by those selecting it. Those not in favour commented that this was not a sustainable solution.
- Partners were invited to share any other ideas about how to reduce spending; only 1 was able to do so, suggesting a whole school approach to FFI funding. However this may not be feasible as national guidance emphasises the individual CYP, and the need for funding to follow an individual CYP if they move to another setting.

F: Conclusions and next steps:

- The findings of this review confirm that immediate action is required to address the current overspend of the HNB and bring it back into balance. Although uplift in the HNB allocation is pending, it will not take effect until 20/20/21 and will not be sufficient to counter the ongoing rise in demand for services and funding.
- At the time of writing it is difficult to ascertain an exact sum of savings to be achieved. Further guidance on the new national funding formula is expected to be released shortly and will help us to determine budgets for 18/19 and specific projected shortfall for 18/19. However current estimates based on our best knowledge project a shortfall of approx. **£6,220,000**.
- Partners engaged in consultation reported clear preferences for certain approaches to addressing the overspend. However these vary considerably in potential savings to be achieved. The most favoured option of moving funding for the Teenage Pregnancy Support Service to an alternative budget would achieve only £200,000 of savings a year; those options related to AIPs are also unlikely to achieve significant savings, and also have the potential to destabilise very recent developments to the SEMH and AIP offer.
- The most significant area of spending is FFI; this represents nearly 60% of the total HNB budget. Therefore changes to FFI are likely to have the biggest impact on the current overspend. Partners' second most favoured option was to reduce the unit cost for FFI; this was considered 'equitable' and 'fair'. This option would allow for a significant saving of up to £1,200,000 (depending on the new unit cost). The option of reducing each tier of FFI in every band by 2 units was also quite highly scored and would allow for a potential saving of £2,780,000 a year. Implementing one of these options may be necessary to bring the HNB back to a balanced position.

F: Conclusions and next steps (cont.):

- The option of ceasing to provide additional blocks of funding to supplement Notional Inclusion Budgets where mainstream schools have greater numbers of CYP with complex needs also scored fairly highly. Those who ranked this as their most favoured option noted that the Leeds approach is not typical (we have found no evidence of it in any other LA). This option has the potential for saving £1,000,000 per year. However there were also some comments strongly opposing this option. Allowing schools in exceptional circumstances to apply for continued access to additional blocks might temper this opposition.
- There was very little appetite for reducing spending on commissioned services or those services directly managed by the LA; indeed there were suggestions that the latter are underfunded. These services represent only 2 and 9 % of the total HNB respectively, so any changes would also have minimal impact. Reductions here might thus be unadvisable.
- The option of providing FFI funding only for those CYP with an EHC plan was highly unpopular with partners. This option would also overturn a system that has been recognised as good practice by Ofsted; and has a high level of associated risk, in terms of the implications of increased applications for EHC plans. This option would achieve a significant saving but might be considered the least preferable.
- A full impact assessment of any option is likely to be required before implementing it. A case study approach analysing the impact on schools in a variety of circumstances may be useful.
- Ongoing monitoring will be necessary to observe the impact and effectiveness of any measures implemented to achieve savings. Further savings may also be needed longer term to ensure sustainability as all evidence suggests demand will continue to increase.

F: Conclusions and next steps (cont.):

- The findings of this review, including the views of stakeholders, will be reported to the Schools Forum on 5th October 17.
- The Schools Forum will be asked to consider the findings and recommend the most preferable options to bring spending back in line with the grant allocations and ensure the future sustainability of the HNB. This may involve a period of reflection by members of the Forum and a further discussion at their November 17 meeting.
- The outcomes of the Schools Forum meeting will be reported to the Children and Families Services Leadership team and a formal decision making process, including informing all elected members on the Council's executive board, will be undertaken.
- The Children and Families Services Leadership team will determine how decisions made will be implemented and communicated to stakeholders.

For more information:

- This review was undertaken by a working group led by Sue Rumbold, Chief Officer for Partnerships, Children and Families Services, Leeds City Council.
- For more information about the content of this report, or any other issues regarding this review, please contact the project officer supporting this review, Natalie Samuel, in this first instance via Natalie.Samuel@leeds.gov.uk. She will make sure your query is addressed by the most appropriate colleague.
- Further updates on this review will be shared with partners on the Leeds Education Hub in the 'Inclusion' section, and via our regular communications with partners, including our head teacher update and school governor update.
- For a wide range of information about services and support for children and young people in Leeds with SEND, including information about funding,, please see our Leeds Local Offer site: www.leedslocaloffer.org.uk

Thank you for reading.