



**North Northamptonshire Schools Forum: 4 November 2021**

**Agenda Item 5**

**LA Commissioned Outreach Services: Proposed funding from 1 April 2022**

**Appendix C**

**1 Background**

- 1.1 This report sets out the provision made by North Northants specialist services and the visual and hearing impairment service. Both services focus on assisting schools to meet the needs of pupils with additional needs who attend schools in North Northants (henceforth 'the council').
- 1.2 The council has taken the significant increase in high needs funding in 2022 to 2023, on top of increases in the previous two years, into consideration when making decisions on block movements, and will as this paper sets out appropriately discuss this issue relating to specialist support at this and subsequent schools forum meetings.
- 1.3 This paper is in line with the DfE expectation to keep the local offer of special provision under review, and to have a plan to ensure good quality provision can be developed and sustained in line with available resources.
- 1.4 This paper will set out how mainstream schools can contribute to the local offer, and how this can affect specialist provision and the costs that local authorities consequently have to meet from their high needs budgets.
- 1.5 There is strong evidence that, in addition to the significant increases to high needs funding in 2022 to 2023 and any past transfers, a further transfer remains necessary to address significant cost pressures placed on specialist support services as a means of preventing later higher cost specialist intervention. For example, the council continues to experience an increase in permanent exclusions requiring the local authority to make more alternative provision, and a significant increase in the proportion of children with education, health, and care plans placed in specialist settings rather than mainstream schools.
- 1.6 The council currently funds these support services, partly from the high needs block of the dedicated schools grant, but also using the council's general fund. While the council has the legal power to fund these services, the budget, and the duty to fund them, sits with schools. The legal context is set out in detail in section 7 below.

**2 Specialist and Impairment Services' Funding and Proposed Changes for 2022-23**

- 2.1 The cost of the specialist services is considerable (circa £2.3M). The total cost of all the services provided by the high needs block (HNB) and the council general fund falls to the council. This is not sustainable as the HNB is already carrying a High Needs Block deficit from 2020-21 by £2.4m and the council is also facing challenges in its general fund next year.

- 2.2 The HNB budget is of particular concern, as the overspend is structural in nature. This means if nothing changes i.e. spending is not reduced – the overspend will continue to grow year on year, with deficits forecasted to increase in size each year.
- 2.3 The council cannot let cumulative, structural deficits continue. Therefore, a range of actions are being proposed or taken. The focus of this report is the council’s intention to cease funding specialist services through a combination of general fund and high needs block. This is not the preferred action of the council but a necessary one. It is proposed to fund the services through the transfer of funds from the Schools Block.
- 2.4 Funding the services in this way will allow for transparency in the funding arrangement. In order to ensure consistency of the approach a formula has been applied that provides for parity across all schools.
- 2.5 Council officers and members recognise the services’ efficiency and effectiveness. The table below shows the number of primary and secondary schools (in Northamptonshire County) that received a service from the services in the 2020-21 school year.

<b>Service</b>	<b>Primary</b>	<b>Secondary</b>	<b>Total</b>
Specialist support service	116	17	133
Sensory impairment service	89	17	106

- 2.6 The services provide early intervention to schools, settings and families for children and young people aged 0-19 years. This would include children with or without an EHC plan. Interventions delivered during 2020-21 included:
- Advice and guidance through consultations and direct work with pupils and staff where needed
  - Assessment of learning and the environment and development of appropriate interventions and strategies in schools
  - Support and advice at times of transition to new schools, including sensory impairment awareness training to schools
  - A range of courses delivered to parents and schools (in the period between October 20 and July 21 732 parents enrolled on specialist courses and workshops)
  - Advice and support to the whole family of a child or young person with SEND or sensory impairment, alongside support provided to schools, ensuring a holistic approach for the pupil
  - Direct teaching of the use of assistive technology and the loan of equipment
- 2.7 Schools have reported the value of specialist practitioners (including teachers with specialist qualifications) to support and empower their staff in ensuring positive outcomes for pupils. This is particularly key for pupils with significant and complex additional needs. Schools have reported a positive impact on their inclusive practice.

- 2.8 Since the council cannot fund the services from the HNB in future (that is, from April 2022 onwards), there are three potential options – the options broadly form ‘insurance-based’ or ‘traded services’ arrangements.
- 2.9 One is that schools subscribe individually on a per-pupil basis. It is the service supplier that sets the price per-pupil and triages to determine the greatest need and delivers outreach support accordingly.
- 2.10 The second method of funding is an ‘insurance’ based service which is a formula-based approach. This means an equitable application of the formula to the school’s block budget for all mainstream academy and maintained schools, to be allocated to the high needs block.
- 2.11 The third option is a wholly traded service where the service supplier sets the price and availability of intervention/support. The service is invoiced at the point of access.
- 2.12 Therefore, there are three options:
- **Option 1:** Individual schools buying into the service at an agreed, per pupil rate
  - **Option 2:** A formula application to the schools block to fund the services (Option B – Consultation Document – transfer 1.31%)
  - **Option3:** A wholly traded service with a menu of options/prices to be invoiced at the point of delivery
- 2.13 If schools’ forum indicates it prefers the offer of the ‘insurance’ based option, then the council will proceed with Option B.
- 2.14 The cost to a school of service provision on a traded service is likely to be in the region of £150 per pupil (this is not confirmed, and further work will be required should this be the preferred option). At present, up to half the time of the specialist support service workers’ time is spent working with parents, and it may prove difficult for the service to charge a school for this the likely consequence is that the offer would be revised).

### 3 Options Appraisal

- 3.1 In this section there is a brief appraisal of each option, setting out some of the advantages and disadvantages. It is essential to point out that Option B will allow for the continuation of specialist support and sensory impairment services (See Appendix C). Option B allows for the funding of these services to continue as outlined in the paper. Should schools determine that Option A is their preferred choice then without an alternative means of funding (outlined in Appendix C) these services will cease to be delivered in their current form.
- 3.2 The **first option** – a traded scheme that is voluntary for each mainstream or special school and academy and has the following advantages:
- It is transparent, and fair, with each school or trust being able to appraise what is on offer from its own perspective, assessing openly other market options; and
  - There is the potential for schools to decide to sign up for a contractual period, say, three years, offering the services income stability.
- 3.3 However, the disadvantages are:

- Setting up and running a subscription arrangement will require an increased level of administrative costs, raising the subscription level above the cost of the current service, or one funded through budget formula.
- There will inevitably be an inconsistent understanding of costs and benefits, and the market alternatives, which could lead to poorer-quality support services for pupils.
- Parenting support (that forms a significant part of the existing offer) would likely be reduced/removed or incur additional charges and
- Inevitably, some schools will always refuse to subscribe, which can be for several reasons – for example, a head teacher has never, or rarely, used the service, or s/he is content to pay as need arises – but the outcome is that the services will need to trade as well as serve subscribers, which will make the services more expensive (due to higher administration costs)
- A minimum trading guarantee would need to be reached to allow the services to continue. It may be that the services cease to be delivered by the council.

3.4 The **second option** – formula-based approach (Option B – funding model) - the resource secured from schools’ budgets – has the following advantages:

- The services will remain free at the point of delivery, and therefore will not be discriminatory against schools that have high levels of need, but tight budgets that might mean difficult choices regarding the support their pupils need
- Peaks and troughs in need are smoothed out by what is in effect an ‘insurance’ based system that means each school’s costs are fixed
- The funding to support the purchase of specialist outreach services is delegated to schools (see section 7 below), and therefore this proposal is consistent with funding arrangements
- Specialist service managers can remain focused on meeting the greatest need, without regard to ‘ability to pay’ of any school

3.5 The disadvantages are:

- Schools forum must agree to a revised formula annually – if it does not, alternative, individual school insurance or traded arrangements, with their inherent disadvantages, will have to be implemented
- Schools with low historic use, or that have chosen to purchase their own support, are in effect paying for a service they will not use (although this might encourage the consideration by these schools of use of the services in future)
- Schools choosing alternative providers will be paying twice for the service – once through loss of budget and a second time through payment for the chosen service

3.6 The **third option** – trading the services – has the advantage of being completely transparent and respecting the benefits of a competitive market and diversity and choice for schools. However, there are some significant disadvantages:

- Traded services for outreach are difficult to cost, inefficient to administer and difficult to market – the council would have to allocate resources to administration, which would increase the cost of the services

- Schools using the services would start to consider the cost as well as the appropriateness of the service, and consider alternative suppliers, which, for some schools, might be a key consideration – while this might be considered an advantage for some schools, it brings uncertainty to the services and could leave the council considering whether it can maintain the services and
- Some schools – even small ones – have peaks and troughs of need, with peaks causing a problem if outreach services have to be paid by them at the point of delivery rather than through an ‘insurance’ based system
- A minimum trading guarantee would need to be reached to allow the services to continue. It may be that the services cease to be delivered by the council.

#### **4 Recommendations for Schools Forum**

4.1 It is recommended that the schools forum through consultation agree the formula application to fund the specialist services. Providing for transparency, parity and access to services that are free at the point of need.

#### **5 Next steps**

5.1 If schools forum agrees the recommendation, arrangements for formula application for the 2022-23 budget will be put into the proposed local formula for agreement by schools forum in December 2021 and the council’s cabinet in February 2022.

5.2 If the formula approach is not agreed, council officers and the lead member will need to set a timescale for schools to be approached to determine interest/engagement in a per-pupil insurance-based approach or a fully traded offer.

5.3 It will also be a consideration for officers and members from NNC should they continue to fund specialist support services from the general fund with effect from April 2022.

#### **6 Financial implications**

6.1 Should schools forum agree the formula approach, the services will remain available to schools and on the same basis as at present. The HNB will be assisted in coming back to balance (although other proposals on this agenda will need to be agreed by schools forum members for a balanced HNB plan to be achieved for 2022-23).

6.2 Note that while schools will, if the proposal is agreed, pay more from delegated budgets for insurance-based services, overall balances held by schools and academies indicate this contribution can be comfortably managed by most (balances).

#### **7 Legal implications**

7.1 Under funding arrangements introduced in 2012 and implemented in April 2013, (see [here](#)), local authorities can still fund specialist SEN support services, such as services to support children with a visual or hearing impairment. This therefore remains a power. However, local authorities can hold back funding from schools for ‘expenditure on support services for pupils who have a statement (now an education and healthcare plan or EHCP) of special educational needs and for pupils with special educational needs who do not have such a statement’.

7.2 From 1 April 2013, local authorities have been required to give mainstream schools a notional SEN budget from the schools block. This might be made up of funding from the

basic per-pupil entitlement, deprivation and low cost, high incidence SEN factors. It is from this notional budget that mainstream schools will be expected to: a) meet the needs of pupils with low cost, high incidence SEN; and b) contribute, up to a certain level set by the local authority, towards the costs of provision for pupils with high needs (including those with high cost, low incidence SEN) (paragraph 35, the notional SEN budget).

7.3 It should be noted that mainstream maintained schools and academies have recourse to top-up funding should the support required for an individual pupil or group of pupils exceed the £6,000 notional funding as set out in paragraphs 108 and 109 of the school funding reform arrangements (see the hyperlink in paragraph 7.1).

## **8. Risks**

8.1 The main risks arising should schools forum not agree the formula approach are:

- The specialist services becoming unviable if insufficient schools and academies either subscribe or buy the service on an ad-hoc basis for the recoupment of the services' costs; and / or
- Pupils receiving a diminished or poorer services through new arrangements

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