

Report No.
DCYP12043

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Schools Forum

Date: 15 March 2012

Title: UPDATE ON CURRENT INVEST TO SAVE PROPOSAL

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Chief Officer: Director, Children and Young People Services

Ward: Boroughwide

1. Reason for report

1.1 This report provides an update on the current invest to save proposal.

2. **RECOMMENDATION(S)**

2.1 **The Schools Forum is asked to discuss and comment on the proposal.**

3. COMMENTARY

3.1 Increase in children with ASD

There is a growing need for additional, in-borough provision for secondary aged pupils with Autistic Spectrum Disorder (ASD). The trend of increasing demand present in all age groups has been well rehearsed: In Bromley 50% of Reception age children with statements in 2011 present with ASD compared to an average of 33% over the years 2005-2009. This is against a back drop of increased population (20% increase over last 7 years) and a growing proportion of that population having SEN. (In 2001 5% of premature babies survived and now 90% survive, but often with SEN).

Currently there are 30 children of secondary age with ASD who are placed in non-maintained day settings at an average cost of £35k compared to the cost of a day place at Riverside of £21k. With a significant increase in the number of primary age children with ASD and a limited amount of secondary places available, the total cost of non-maintained placements will increase over time. There is also a gender imbalance of maintained provision with both Burwood Behavioural, Emotional and Social Difficulties (BESD) School and Langley Park Boys' Asperger's Unit not admitting girls.

3.2 Objectives of Project

- Reducing revenue costs of secondary SEN (ASD) provision.
- Improving the experience of our young people with SEN (ASD).
- Reducing reliance on out-Borough placements.
- Increasing parental confidence and reducing tribunals.
- Increasing provision in Bromley for targeted secondary (ASD) groups.
- Increasing provision for short breaks (respite) for secondary age children.

3.3 ASD Pupil Place Planning Projections

Extensive analysis of historic data and trends and a range of modelling approaches to project the needs of children in 10 years' time have led to the conclusion that a new 3FE (3 classes of 8 children over 5 years, years 7-11 = 120) and post 16 provision (at 75% stay on rate) for 36 children ASD specific secondary provision is required to meet the demand, in addition to the existing provisions.

The needs of this cohort are also changing and becoming more complex, severe and profound, reflecting the use of Pupil Resource Agreements for more moderate or medical needs rather than statements. There is also a wide range of attainment standards within this cohort of children, with some performing at high mainstream standards and some widely outside of age related expectations.

3.4 Financial Model

The financial model has been constructed to calculate the impact of developing new ASD provision on both the Revenue Support Grant (RSG) and the Dedicated Schools Grant (DSG). The cost of placements to non[Bromley]-maintained settings (Out-Borough) is met from the DSG and the cost of transport and Short Breaks are met from the Revenue Support Grant.

3.4.1 Do Nothing Option

Currently there are 30 children in non-maintained settings at an annual cost of just over £1M. If no action is taken, the cost of providing non-maintained (Out-Borough) placements for this growing cohort with increasingly severe and profound ASD will grow each year by £350k resulting in a cumulative total of £26.25M by 2020/21. The total DSG budget is circa £220M and a growing proportion of this is transferred directly to Academies. Currently DSG funds £19.3M of all types of SEN placements but there will come a point when no further funding can be secured from DSG and any shortfall would require cuts to other DSG funded services or to the grant that goes directly to schools. An extract from the financial model is set out below to show the costs of the Do Nothing Option. This represents the projected increased cost to DSG of non-[Bromley] maintained (Out-Borough) placements over the next 10 years.

Placement	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Pupils	30	40	50	60	70	80	90	100	110	120
DSG	1,050,000	1,400,000	1,750,000	2,100,000	2,450,000	2,800,000	3,150,000	3,500,000	3,850,000	4,200,000
26,250,000	1,050,000	1,400,000	1,750,000	2,100,000	2,450,000	2,800,000	3,150,000	3,500,000	3,850,000	4,200,000

From the RSG budget, the current cost of transport for these 30 children is £169k and this will rise to £675k each year to a cumulative total of £5.6M by 2022/23. An extract from the financial model is set out below to show the transport costs of the Do Nothing Option. This represents the projected increased cost to RSG of transport to non-[Bromley] maintained (Out-Borough) placements over the next 10 years.

Transport	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Pupils	30	40	50	60	70	80	90	100	110	120
	168,840	225,120	281,400	337,680	393,960	450,240	506,520	562,800	619,080	675,360
4,221,000	168,840	225,120	281,400	337,680	393,960	450,240	506,520	562,800	619,080	675,360

3.4.2 Proposal to Build New Provision

In light of the increasing cost of non-maintained (out-Borough) placements, the Business Case considers whether the cost of building new maintained provision within the Borough will mitigate this increase in cost. If 3FE of additional provision could be created in Bromley, this would avoid the need for the growing cohort of children to require non-[Bromley] maintained placements at a higher cost to DSG and at a higher transport cost from RSG. No new provision will reduce the cost of provision from current levels, but will mitigate the projected increase in these costs.

The following proposals are being considered in more detail to establish their total cost (land and construction). Currently a range of potential capital costs have been modelled in advance of detailed design and costing work to show the lower and upper limits of anticipated capital cost. The financial model needs to take account of the full cost of creating new provision to evaluate whether it offers a net saving to DSG/RSG.

- Expand Riverside by 1FE including Post 16 provision from 2012/13
- Expand Glebe to host a 2FE ASD school by September 2014

The extract from the financial model below shows the impact on DSG of the Build New Provision option. Currently there are 30 children in non-maintained settings at an annual cost of just over £1M. If new provision is built, less DSG will be required over the next 10 years than if it is not, to a cumulative value of £9.5M. The extract below shows the status quo in year 2011/12. In 2012/13 it shows the impact of expanding Riverside by 1FE to stop these additional children from requiring non-maintained settings at a higher cost to DSG. It does not assume that children who are currently in non-maintained settings will return. From 2013/14 onwards it assumes that all new children can be accommodated within Bromley maintained provision, although there will still be some children who will not have left their non-maintained settings until 2015/16. While there will be adequate capacity in the Bromley provision from 2013/14 onwards for the number of children, there are likely to be a few children whose specific and complex needs may still be better met from non-maintained provision Out-Borough or this may be sought through the Tribunal process.

Placements	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Pupils	30	40	50	60	70	80	90	100	110	120
In-Borough	0	420,000	1,050,000	1,260,000	1,470,000	1,680,000	1,890,000	2,100,000	2,310,000	2,520,000
Out-Borough	1,050,000	700,000	0	0	0	0	0	0	0	0
	16,730,000	1,050,000	1,120,000	1,050,000	1,260,000	1,470,000	1,680,000	1,890,000	2,100,000	2,520,000

An extract from the financial model is set out below to show the transport costs of the Build New Provision option. This represents the projected increased cost to RSG of transport to over the next 10 years. By implementing the build new provision option, the increasing cost of transport to the RSG budget for the growing number of children can be mitigated by a cumulative total of £1.4M over 10 years.

Transport	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Pupils	30	40	50	60	70	80	90	100	110	120
In-Borough	0	70,140	140,280	192,885	227,955	280,560	315,630	350,700	385,770	420,840
Out-Borough	168,840	112,560	56,280	28,140	28,140	0	0	0	0	0
	3,577,980	168,840	182,700	196,560	221,025	256,095	280,560	315,630	350,700	420,840

3.4.3 Capital from the Reserves

If Capital is provided from the Council's reserves, this will result in a mitigation of the rise of cost to DSG and so while this will mitigate the impact on the Council from the risk of needing to withdraw DSG from schools for SEN placements, it will not replenish the reserves. As it is DSG that will benefit from any Council investment, it is proposed that an annual contribution from the Schools Forum is sought to replenish the Council's reserves.

Accordingly the extract from the financial model below shows a range of capital cost options in respect of the reserves from the best case of £4M (£3M Glebe and £1M Riverside) to a worst case of £8M (£7M Glebe and £1M Riverside). The extract below also shows the notional 'pay back' period of the capital, if the capital were to be funded from the same fund (in this case Council reserves) as the cost of placements (in this case DSG). In this case, the cost of placements is funded from DSG and the Capital from Council reserves are separate funds and cannot actually be linked as is shown here. Notwithstanding this, it is important to show the impact of the capital expenditure against revenue funding to prove the spend to save case. The only way of 'paying back' Council reserves is to secure contributions to capital from other sources as reserves will not be replenished by 'savings' from DSG.

This paper explores various options as to how a new provision might be funded.

Options

	Capital cost	Revenue Cost of placements	Net impact saving to 2020/21	Pay back period on investment years
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	
1 Do nothing	0	26,250	0	n/a
2 £8m capital build (including £1m Riverside)	8,000	16,730	1,520	7
3 £6m capital build (including £1m Riverside)	6,000	16,730	3,520	5
4 £4m capital build (including £1m Riverside)	4,000	16,730	5,520	4

Transport

1 Do nothing	0	4,221	0	n/a
2 Build	0	2,779	1,442	0

3.5 Extended Short breaks provision

Of the non-maintained (out-Borough) placements the most expensive are non-maintained residential placements. Making additional provision for extended short breaks for young people with ASD is an important factor in reducing the cases of parents seeking expensive out-Borough (non-maintained) residential placements. Currently short breaks are provided through Hollybanks and provide up to say 4 nights per month to give parents a break and to provide social experiences and life skills to young people. If parents can secure access to the extended short breaks provision, which may be for say 3 nights per week, this will reduce the likelihood of parents seeking residential placements. Further work is currently being undertaken to develop this business case and to show the potential benefits of creating extended short breaks provision.

3.6 Process to Progress the Business Case

An interim paper is being submitted to the Council's Executive on the 11 April to seek an 'in-principle' decision on the Spend to Save Business Case. Any 'in-principle' decision made by the Schools Forum will be reflected in this paper and is likely to be the deciding factor for the Council's Executive. If an 'in-principle' approval is secured from the Council's Executive then a multi-disciplinary design team and cost consultant will be appointed to undertake a detailed design and costing exercise to confirm the actual construction cost of the proposed new provision. This would be completed by the end of July 2012 to allow the Full Business Case to be completed and decisions to be made by Schools Forum and the Council's Executive.

3.7 Conclusions

The spend to save case proves that if maintained (in-Borough) specialist ASD provision were built in Bromley then the increasing number of children could have their needs met at a unit cost of £21k rather than £35k. This represents a mitigation of the increase in DSG required to 2023/24 from £26.25M to £16.73M – a difference of £9.5M. The cumulative saving to the RSG budget over the period to 2022/23 arising from transport is £1.4M. The extract from the financial model below shows the difference between the Do Nothing Option and the Build New Provision Option on an annual basis. For example, the cost of placements to DSG in 2012/13 will rise to £1.4Mpa if no action is taken compared with £1.12Mpa if Riverside is expanded by 1FE. By 2022/23 the cost of placements to DSG will have risen to £4.2Mpa if no action is taken compared to £2.52Mpa if new provision is built.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£	£	£	£	£	£	£	£	£	£
Do nothing	1,050,000	1,400,000	1,750,000	2,100,000	2,450,000	2,800,000	3,150,000	3,500,000	3,850,000	4,200,000
Action taken	1,050,000	1,120,000	1,190,000	1,330,000	1,540,000	1,680,000	1,890,000	2,100,000	2,310,000	2,520,000
Difference (saving)	<u>0</u>	<u>-280,000</u>	<u>-560,000</u>	<u>-770,000</u>	<u>-910,000</u>	<u>1,120,000</u>	<u>1,260,000</u>	<u>1,400,000</u>	<u>1,540,000</u>	<u>1,680,000</u>

Model Parameters

Start date is 2011/12

End date is 2022/23

No cost of finance has yet been included

No inflation has yet been included

The inputs to the financial model are:

The number of pupils each year with ASD who cannot be accommodated in existing Special School provision – currently 30 and rising by 10 each year until plateau at 120 every year.

Average cost of a maintained place £21k.

Average cost of a non-maintained place £35k.

Construction cost of new provision.

Average cost of transport to maintained placement £3,507.

Average cost of transport to non-maintained placement £5,628.

This paper is seeking views/comments from the Schools Forum as to whether it would support the proposal make an annual contribution of £800k pa for up to 9 years in order to replenish Council reserves that are proposed to have been deployed to fund the new ASD provision.