

Meeting: Schools Forum
Date: 29 January 2017
Subject: High Needs Block Update

Report of: Director of Children's Services

Summary: To provide an update on current projected spend against budget for the current financial year for the High Needs Block. The report also sets out key next steps to seek to mitigate potential pressures for the financial year 2018/19.

Contact Officer: Sue Harrison

Public/Exempt: Public

Wards Affected: All

Function of: Council

RECOMMENDATIONS:

- 1. To note the update on the HN block spend for the financial year 2017/18**
- 2. To note proposed actions to be taken to mitigate future pressures**

Background

1. The high needs block supports provision for pupils and students with special educational needs (SEN) and disabilities (SEND), from early years to age 25, and alternative provision (AP) for pupils who cannot receive their education in mainstream schools.
2. Similar to other local authorities, Central Bedfordshire has seen growing pressure on its High Needs Block Spend over the last 3 years. Such trends were highlighted by the recent research undertaken by the Association of Directors of Childrens Services, which demonstrated that most local authorities were seeing such pressures building in this area.

http://adcs.org.uk/assets/documentation/ADCS_High_Needs_Funding_Survey_of_A_DCS_Members_October_2017.pdf

3. The current budget is mainly directed on spend to support children's needs once they have reached the statutory threshold for an Education, Health and Care Plan (EHCP) assessment or require 'day 6' provision as they have been permanently excluded from mainstream school.

4. As such, there is currently limited spend on earlier intervention support which has contributed to pressure building on this budget, as sufficient services are not available to meet childrens' needs early in their educational journey's, resulting in the need for them to require more complex and costly support as they get older.

Update on spend

5. Monthly budget meetings continue to be held to review all budget lines of the High Needs Block budget. In addition, the SEND service continues to work closely with other services, including the Youth Service who support pupils with SEND, to review spend against individual cases. The service is seeking to ensure both accurate reporting and the identification of mitigation in spend pressures wherever possible. We are also working closely with health colleagues and between social care and education to ensure contributions are made to packages of support for complex children who have a combination of education, health and social needs.
6. As a result of this more rigorous analysis, there have been less fluctuations in forecast spend over the last few months. Current projections remain though that the budget will be overspent by approx. £713,000 over the course of the year. This forecast has reduced slightly since the last Schools Forum overall, though there are a series of unknowns such as tribunals that are still to be understood this year which could affect overall spend.
7. A key challenge with the budget lines associated with the High Needs Block remains the fact that changes in small numbers of children's EHC packages can potentially result in significant changes in total spend. There are a number of active tribunals currently awaiting completion which could increase the pressure on the budget for this financial year or for 2018/19.

HN Forecast Spend

8. The following table sets out the Initial budget (as agreed in consultation with School Forum 22 March 2017) for the centrally retained HN Block, actual expenditure to 31 December 2017 and previous / current forecast outturn.

	Initial Budget 17/18	Spend to Date	Forecast Outturn (October)	Current Forecast Outturn	Forecast (Over) / Under-spend
Therapies	40,000	27,153	40,000	40,000	0
Statements / EHC Plans	500,000	249,739	407,727	487,324	12,676
Academy Statements / EHC Plans	2,334,145	1,857,638	2,334,145	2,334,145	0
Outreach and High Cost Pupils	500,000	244,546	440,000	445,000	55,000
Out of County Placements (Pre-16)	950,000	1,008,961	829,077	826,810	123,190
SEN Additional Pupil Support	200,000	179,648	200,000	213,868	(13,868)
High Needs Post 16	2,300,000	2,173,210	2,586,194	2,518,909	(218,909)
Access and Inclusion	100,000	74,961	100,000	100,000	0
Virtual School	283,210	110,259	283,210	273,266	9,944
Other Authority Top Up Payment	850,000	739,786	1,119,422	1,217,779	(367,779)
Contribution to overheads	719,280	0	719,280	719,280	0
Commissioning	1,812,014	1,204,315	1,838,560	1,838,560	(26,546)
ACB Top up	1,200,000	900,000	1,200,000	1,200,000	0
HN Block contingency	711,172	493,981		501,854	209,318
Recoupment	4,446,000	4,941,821		4,941,821	(495,821)
Total	16,945,821	14,206,018	12,097,615	17,658,616	(712,795)

Indicative High Needs Block budget for 2018/19

9. The High Needs Block budget covers a variety of different spend, some of which can be forecast with a higher degree of accuracy than others. The main part of the budget is spent on our special educational needs provisions including top up funding for pupils at special schools.
10. In November, the authority worked with our special schools to submit returns of projected pupil numbers anticipated in our special schools for the academic year starting September 2018. The SEND service has been modelling the breakdown of expected pupil numbers projected at each special school according to their level of need, so we can determine potential 'top up' payments for each school.

11. There are a number of other data sources that are being sought to confirm the indicative spend and associated pressures for 2018/19. This includes destinations for post 16 learners, out of county pre-16 payments and other local authority top up payments.
12. However, there are a number of areas where we are aware pressure is likely to continue or increase on the overall budget for 2018/19 as things stand. This includes: -
13. **Recoupment charges.** For 2017/18 these have equated to just over £4.9million. Initial estimates for 2018/19 are for recoupment to amount to over £5.3million – an overall increase of over £400,000
14. **High Needs Post 16.** Actual numbers of children are currently being reviewed but our estimates suggest there are considerably more young people who will be accessing post 16 provision and require associated funding than the funding envelope provided in the High Needs Block budget.
15. **Provisions.** The total number of children in our special schools will increase next year, as will the total required payments for top up fees. This is also the same for top up payments in other authority schools. In addition, there has been an increased drive for more children to be moved to special schools from mainstream provisions.
16. Current projections therefore demonstrate that, without further mitigations, the overall budget will continue to be under pressure for 2018/19.

Future Mitigation to spend pressure

17. Proposals were discussed at the last Schools Forum to transfer additional funds into the High Needs Block for 2018/19. The purpose of this transfer is to secure a step change in the level of investment in early intervention for children with either additional behavioural or special educational needs. The aim would be that additional support in this way would help to reduce the pressure on higher cost provision and associated services.
18. Overall the ambition is that this would lead to: -
 - A reduction in the number of children whose needs escalate resulting in them going on to require a statutory Education, Health and Care Plan
 - A reduction in the number of children who transfer from mainstream to special school by supporting mainstream schools better.
 - A reduction in the total additional costs of specialist provision and wrap around support
 - An increased number of jointly funded arrangements with the CCG
 - A reduction in the number of fixed term and permanent exclusions and associated costs
 - A reduction in the number of out of area independent placements

19. The forecast budget for 2018/19 and potential spend pressures will be brought to the next School Forum in March for review. Given much of the cost associated with this budget is already 'in the system', the step change required will not be able to be achieved in a matter of months. Equally, the investment in the block will not, on its own, lead to a balanced budget by year end for 18/19 without more radical change.
20. The additional spend will need to support early intervention but part of this will also need to be held in contingency given the known pressures on the block at this point. It would be sensible to allocate approximately half the investment from the High Needs Block into immediate support to schools that could help to reduce some of the spend areas for 2018/19, as well as increase the confidence and skills of schools in supporting children with additional needs. Such investment could help to reduce overall spend on the number of Education, Health and Care Plans for example and the number of additional children entering special schools.
21. The other half of this investment will need to be held, initially, in contingency, given the existing known pressures on the overall block. If the budget pressures begin to come under control, further funding from this contingency could then be released through the year to expand the level of early support.
22. However, on its own this will not produce a balanced budget for 2018/19. The banding changes that have been discussed will, for example, need to be implemented from September 2018. The ambition would be these take place in a phased approach to support special schools and provisions in any re-balancing of overall budgets. However, this will need to be partly determined by the level of pressure in the overall block.
23. All other spend areas will need more rigorous review to ascertain where other mitigations could take place. Potential areas will be brought to the next High Needs Technical Subgroup for discussion and analysis of potential risks.