

HIGH NEEDS BUDGET 2019-20

Report of the Director of Children's Services

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1. Purpose

1.1 To update the Forum regarding the 2019-20 High Needs Budget.

2. Summary

2.1 This report provides an update of the High Needs Budget proposals for 2019-20

3. Recommendations

3.1 The Forum is asked to:

- support the budget proposals for use of the high needs block for 2019-20,
- support the outline proposals for the use of the Strategy Development Fund (SDF) outlined in table 2,

4. Background

4.1 Information about the high needs budget for 2019-20 was brought to the November and January Forum meetings as part of the papers on the overall Schools Budget. As outlined in the January Forum paper, in December the DfE announced a considerable increase in resources for high needs. The high needs block allocations calculated through the national funding formula (NFF) have been enhanced by additional allocations, equating for Hertfordshire to an extra £2.862m in both 2018-19 and 2019-20. Updating the high needs NFF data for October 2018 pupil numbers in special schools has generated a further £701k in high needs DSG. Thus, overall there has been an increase of £3.563m in the 2019-20 high needs block allocation compared to the previously notified figure. (A further adjustment will be made to the 2019-20 High Needs block allocation to update the import/export adjustment for the January 2019 census data.)

- 4.2 The pressures and savings in the high needs budget outlined in January take account of proposed variations to high needs places in colleges and academies. The request for these changes had to be submitted to the DfE in November. One academy did not accept the reduction of 2 special unit places proposed by the Authority and this reduction was not included in the final application to the DfE. The DfE has now agreed the changes in high needs places requested by Hertfordshire.
- 4.3 The High Needs Funding Sub-group of the Forum met on 31st January to consider the high needs budget in the light of the additional resources available. The proposals in this paper reflect the conclusions of the Sub Group.

5. High Needs Budget

5.1 Change to budget pressures

The pressures and savings in the high needs budget were set out in the January Schools Budget paper. One change to this list has now been identified. The latest monitoring information indicates that the forecast overspend on the budget for placements in out of county state schools has increased from £400k to £800k. The 2019-20 high needs budget has provided for a pressure on this budget of £400k and it is therefore proposed to increase this by £400k, to £800k.

Funding for inflation

The high needs budget set out in January made an allocation from headroom to fund approximately 80% of the pressure for inflation on pay and prices, effectively only providing for cost pressures on staffing budgets. In view of the additional high needs DSG now available, it is proposed to fund 100% of the inflation pressure across the high needs block. This would cost an additional £461k.

- 5.2 Annex A sets out details of the High Needs Budget with all proposed and previously agreed changes from 2018-19. Table 1 below provides a summary.

Table 1 High Needs Budget 2019-20 (excluding use of carry forward from 2018-19)	£m
High Needs Budget 2018-19	107.790
Previously agreed Pressures	3.458
Previously agreed Savings	(2.413)
Increase in pressure for out county placements in state schools	0.400
Previously agreed Headroom allocated to fund inflation	2,263
Increase in Headroom to fund inflation at 100%	0.461
Balance of headroom available for Strategy Development Fund	2.718
High Needs Budget 2019-20 (=High Needs DSG for 2019-20)	114.677

6 Strategy Development Fund (SDF)

- 6.1 The SDF provides a budget to support new initiatives and the balance of the headroom available in the high needs budget is allocated to the SDF. Table 2 sets out the amount of resource that will, as a result, be available in the SDF and proposals for the use of the Fund.

Table 2 Strategy Development Fund (SDF)	£m
Amount of resource in the SDF in 2019-20	
2018-19 SDF	1.377
Transfer to fund ESCs	(0.250)
Balance of 2019-20 Headroom after funding Inflation	2.718
Total	3.845
Proposed Use of the SDF	
a) Early Years	0.500
b) High Needs Banding Review – mainstream and special schools	2.000
c) Complex needs in mainstream schools (including exceptional needs funding:	
d) Speech & Language Bases	0.400
e) Support for children with anxiety and mental health	TBC
Proposals for use of SDF	2.900
Unallocated	0.945
Total Strategy Development Fund	3.845

6.2 Proposals for Use of SDF

The overall SEND Strategy aims to achieve the best possible outcomes for children and young people (CYP). We therefore need to continue to review services and provision to ensure they are targeted to needs and that we are making effective and equitable use of our available resources. The needs of children and young people with SEND have changed and will continue to change. Our services and provision need to respond to these changes. Our work requires existing provision to be re-shaped and funding to be re-focused to areas of new need and changing priorities. The headings below reflect the initial strategic priorities. The resource from the SDF will support the roll out of each of these new initiatives.

- **Early Years**

Through the Early Years workstream, as part of the overall SEND Strategy, we are working to develop a high quality SEND offer that supports prevention, early intervention and inclusion, including for children with more complex needs.

- High Needs Banding Review – mainstream and special schools**
As part of the work of the specialist provision workstream, we are developing banding descriptors, together with ‘what provision would look like’ in both mainstream and a specialist setting, through areas of need. We will then develop notional funding levels to model alternative funding formulae to support CYP with complex needs, whether in mainstream or specialist settings.
- Complex Needs in Mainstream Schools**
Tony Fitzpatrick is leading on a review of funding for CYP with “complex” needs in mainstream schools. This will include a review of the current Exceptional Needs Funding process and proposals for models of future delivery. There will be a close link to the high needs banding review.
- Speech and Language Bases**
As part of the work of the specialist provision workstream we are looking at developing a long-term vision/plan. Evidence so far is identifying the need to look at the re-commissioning of our SLCN bases as social communication bases across the county to ensure equity of provision. This will include both primary and secondary and may include decommissioning some bases and opening new bases attached to mainstream schools according to the needs of the local areas.
- Support for children with anxiety and mental health**
Evidence from mainstream and special schools has identified that there is an increasing number of CYP experiencing anxiety and mental health difficulties. As an authority, we need to intervene earlier to support these CYP and their families, as well as schools and settings as there are increasing numbers of CYP becoming school refusers. A specific sum for this priority has not yet been established.

It is anticipated that the proposals set out above will be developed during 2019-20 for implementation in 2020-21. Thus, the funding for them will be held in the 2019-20 SDF and will be moved into the appropriate high needs’ budgets in 2020-21 when the changes are implemented. The same approach has been adopted with the SDF in previous years.

In committing resource from the Fund for new initiatives, it is important to be mindful of the impact on the high needs budget in future years. This is considered further in section 8 below.

7. Use of carry forward from 2018-19

- 7.1 As mentioned above, the DfE has allocated an extra £2.862m of high needs DSG in 2018-19. As this resource has been announced late in the financial year it is not practical to allocate it in 2018-19 and it will be reported as an underspend in the 2018-19 monitor. The Forum agreed at its January meeting to carry forward the unspent element of this resource to 2019-20 and ring fence it for use in supporting the high needs budget. This

represents a one- off resource and therefore proposals for using it need to avoid creating an ongoing commitment.

7.2 The following items have been identified so far:

Pupils waiting for special school places: £300k

This would enable the establishment of a resource within the Exceptional Needs (EN) budget to providing funding for children in mainstream schools who have been identified as requiring special school provision but are awaiting a place at a special school. Criteria will be developed for EN applications in this category. It is anticipated that this will be a temporary arrangement pending changes in funding for complex needs in mainstream schools following the current review of EN funding.

ESCs incorporating primary support provision £150k

The DfE has previously given Hertfordshire approval to use high needs DSG for capital schemes to develop primary behaviour provision at three education support centres (Dacorum, St Albans and Stevenage). The capital budget for each scheme does not provide for the additional equipment and resources required for the new provision. It is therefore proposed to allocate £50k to each of the three ESCs.

The balance of the resource will be allocated to one off projects, including the support of CYP with complex needs in mainstream schools. These projects would be identified by a small working group of the High Needs Sub Group.

8. 2020-21 and future years

8.1 2019-20 is the last year of the current Comprehensive Spending Review period and therefore the Authority has no indication about what the level of high needs DSG will be from 2020-21. For planning purposes, the high needs sub group has considered two scenarios, one where the high needs DSG in 2020-21 increases by 1% and the other where the DSG increase is 3%. In each scenario the estimated budget pressures in 2020-21 include 2% inflation, the full year effect (FYE) of the cost of place increases from September 2019 and further demographic pressures on specific budgets.

8.2 Updating these two scenarios for the full use in 2020-21 of the resource set aside in the SDF for new initiatives, gives the position set out in table 3 below.

Table 3 Projected 2020-21 position			
	2019-20 (excluding use of c/f)	2020-21 +1% DSG	2020-21 +3% DSG
	£m	£m	£m
High Needs DSG	114.7	115.8	118.1
2019-20 Budget (excluding SDF)	110.8	110.8	110.8
SDF	3.8		
FYE of September 2019 high needs place increases		0.8	0.8
Inflation on pay and prices		2.1	2.1
Increases in special school places in September 2020		0.6	0.6
New free school		0.3	0.3
Independent Placements		0.3	0.3
Other pressures		0.4	0.4
New initiatives		3.8	3.8
Total High Needs Budget	114.7	119.1	119.1
Deficit	0	3.3	1.0

In both scenarios there would be a deficit in 2020-21, although with a 3% DSG increase this would be relatively minor. There would be various options for addressing the deficit, including not fully funding inflation in 2020-21 or making savings elsewhere in the budget. Another option would be to meet the deficit from carry forward in the short term, while identifying other savings to balance the budget in the longer term.

9. Conclusion

- 9.1 Annex A outlines the proposed High Needs Budget for 2019-20.
- 9.2 A separate paper on this agenda gives further details on funding for education support centres.
- 9.3 The Forum is asked to agree the recommendations in section 3 of this paper.