

**HERTFORDSHIRE COUNTY COUNCIL
SCHOOLS FORUM**

27 November 2019

AGENDA ITEM

6

HIGH LEVEL NEEDS BUDGET UPDATE

Report of the Director of Children's Services

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1. Purpose

- 1.1 To set out for Forum issues arising in relation to the anticipated medium term position for the High Level Needs block of the DSG, prior to further consideration of next year's budget at Forum in January.
- 1.2 To report to Forum the proceedings of the HLN funding sub-group

2. Recommendations

- 2.1 The Forum is asked to note the position, and to note the draft minutes of the HLN funding subgroup which are attached as Appendix A.

3. Background

Current year position:

- 3.1 As Forum members will be aware, when setting this year's budget, we "earmarked" a substantial level of funds to support priority developments which were intended to mitigate the risks of future increases in expenditure on expensive out-county placements. As members will also be aware from earlier reports to Forum there has been a rapid and unforeseen increase in expenditure in the current year in a number of areas. The "headroom" which we had planned and anticipated as being available to cover the cost of our priority developments has largely been used up by this. The budget position as set out in the Budget Strategy report elsewhere on this agenda indicates forecast headroom for new developments in 2020/21 of £1.261m

Future years:

3.2 Our resource assumptions are for HLN DSG allocations as follows:

2020/21: £130.9m (growth of £15.9m/14%)

2021/22: £136.1m (growth of £5.2m/4%, in line with wider Schools Block)

2021/22: £141.6m (growth of £5.5m/4%)

3.3 Some discussion took place at the funding sub-group round the medium term position for expenditure. However, since then our estimates have moved considerably and require further work including round assumptions on inflation and rate of growth of various demand-led budgets.

3.4 There is, however, an emerging issue about the pace and scale of introduction of new funding arrangements for children with complex needs in mainstream schools. We will need to address this in the next report on the HLN budget strategy, which should be available for Forum in January. The introduction of any new system needs to be affordable both for the coming year and the near-term future.

3.5 At that stage we will have been able to undertake also a further scrutiny of our budget projections for 2021/22 and any options for how to approach the funding of the growth proposal for complex needs – and indeed any other growth items. It should be noted, of course, that increased funding of complex needs in mainstream schools should mitigate pressures on other parts of the HLN system and we will need to consider how to take account of that.

3.6 A major item on the agenda of Forum in January will be the review report on complex needs in mainstream schools, which is now in final draft stage.

4. **Conclusions:**

4.1 Forum is asked to note this report.