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HIGH LEVEL NEEDS BUDGET REVIEW

Report of Director of Children's Services

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1. Purpose of the report

To update Schools Forum on plans to review the High Level Needs DSG budget.

2. Summary

Significant financial deficits are being forecast on the High Needs DSG budget in future years. In that context, this paper sets out a proposed process for reviewing High Needs budgets.

3. Recommendations:

For Schools Forum to **note** plans to review the High Level Needs DSG budget.

4. Background information

There was an overspend of **£2.6m** on the High Needs Block DSG Budget in 2019/20.

The High Needs Block DSG budget for 2020/21 is **£131.5m**.

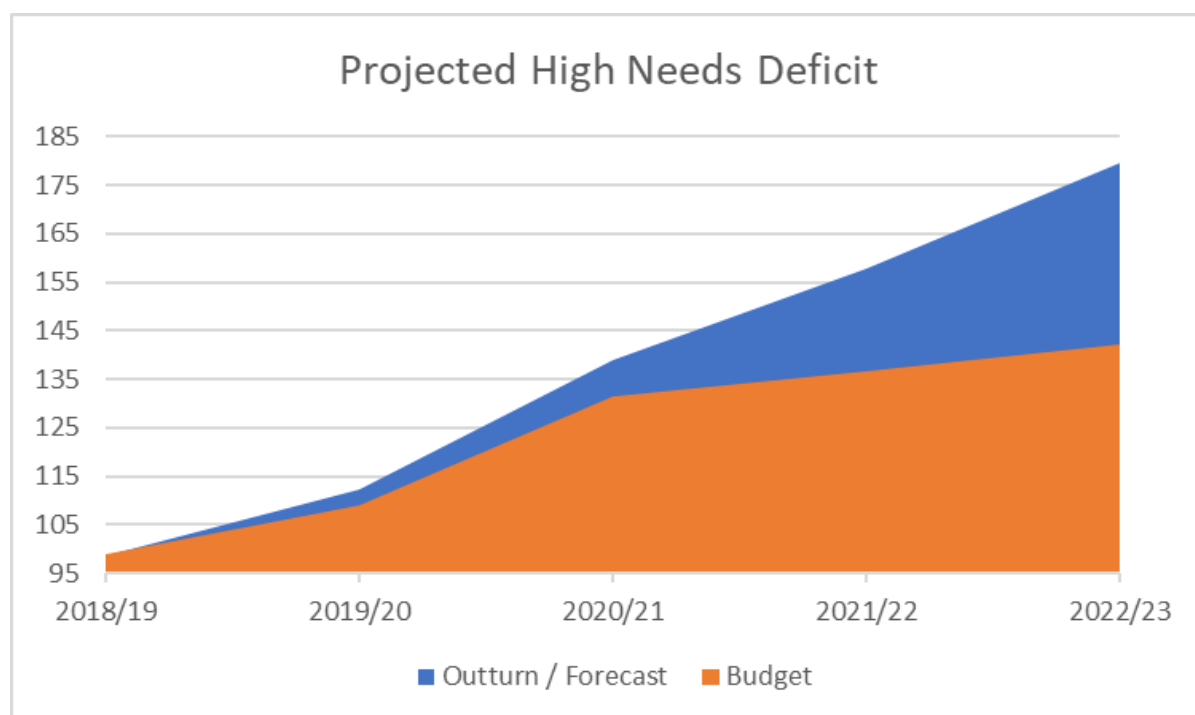
Simon Newland's paper to Schools Forum in February 2020¹ set out the latest financial position for the High Needs block, showing a **forecast deficit of £2.6m in 2021/22 and £4.2m in 2022/23** driven by increasing levels of demand and increasing unit costs.

A balanced budget has been set for 2020/21, however there is a high risk of an overspend in 2020/21 should demand / costs continue to rise at the current trajectory.

Funding levels for High Needs are likely to be announced as part of the forthcoming Government Spending Round / Spending Review. Funding levels may be more or less than the current forecast of funding increasing by 4% in 2021/22 and 2022/23 respectively. Hertfordshire currently has the third lowest level of High Needs Block funding from Government in the country.

¹ <https://www.hertfordshire.gov.uk/media-library/documents/about-the-council/schools-forum/2020-meetings/february/item-3.1-high-level-needs-budget-strategy.pdf>

The below graph illustrates what the deficit position would be in future years if overall spend continues to rise at the current rate in future years, with potential deficits of **£21m** in 2021/22 and **£37m** in 2022/23 – which is consistent with the existence of rising costs in other Counties²:



5. High Needs Budget Review

In light of the above financial context, it is critical that we undertake a review to better track and understand spend within the High Needs block, particularly to understand what options are available to control spend in future years.

The proposed Review will comprise 3 elements:

- **Review of Monitoring / Budget setting processes** – A review of current budget monitoring and budget setting processes on High Needs budgets;
- **Review of current budget lines** – A high level review of all budgets across the High Needs Block, looking at available benchmarking information and historic information on spend, to identify areas where further investigation would be useful;
- **Quick Wins / Deep Dives** – Where appropriate, more targeted work will be done on specific budget lines with a view to exploring the scope for savings in future years and / or to ensure value for money.

The SEND Transformation and delivery of the SEND Strategy programme is already addressing a number of areas which will deliver financial benefits to reduce pressures on High Needs funding. Where necessary, these workstreams will be extended in light of this review. The Enhancing Local Delivery workstream in particular is seeking to support inclusion and capacity in mainstream schools and special schools through greater coordination of service delivery locally so that:

² <https://www.countycouncilsnetwork.org.uk/costs-of-special-educational-needs-services-could-break-council-budgets/>

- More children with SEND are **educated within a local school** and **participate in their local community**;
- **Local mainstream schools are well supported** to deliver inclusive and flexible provision;
- There are clearer **pathways to access support** which include health, social care, and education provision.

Work to date includes:

- the completion of the review of exceptional needs funding and the ongoing implementation of the Top-Up High Needs Funding in Mainstream Schools including the development of a new banding tool for mainstream schools;
- The development of a new approach to identifying and describing need through the 'Valuing SEND' programme in partnership with Norfolk and Oxfordshire
- More robust arrangements for specialist placement sufficiency through better forecasting and analysing demand for specialist places
- the SEND Capital programme to deliver additional places in existing Special Schools and to develop 176 places in Specialist Resource Provisions for children and young people with Social Communication Difficulties (SCD) / Autistic Spectrum Conditions (ASC);
- the development and testing new ways of working locally and reconfiguring existing services (for example the Specialist Advisory Service – see separate item);
- Agreement to recruit to a new brokerage role sitting across social care and education to strengthen commissioning of independent specialist education placements

In light of the high needs review proposal here, the potential to extend within these workstreams to include:

- the extension of the banding tool to include Special School Top Ups
- A review of local partnerships relating to SEND including Delivering Special Provision Locally (DSPL) arrangements
- Independent Placements budget;
- Extending the approach to specialist sufficiency analysis to include post 16 High Needs;
- The next phase of delivering the new Specialist Advisory Service (as per the relevant item on Schools Forum agenda);
- Additional Welfare & Tuition (AWT);
- Current policy for providing funding for social care placements;
- Special Schools training budget;
- Reviewing the Residential element of HCC special schools;
- Identifying current arrangements and future opportunities for income charging / trading across High Needs functions and services.

Any decisions that involve changes in budgets and services would only be taken (should they be needed) after Government confirms the level of funding available for 2021/22 onwards. All relevant stakeholders (principally being HPCI, High Needs Funding Sub-Group, Schools Forum and relevant Executive Members) will be involved throughout the Review.

6. Conclusion

For Schools Forum to **note** the proposed Review of High Needs budgets outlined above.