

## **High Needs Block projected expenditure 19/20 – 22/23**

### **1. Purpose of Report**

- 1.1 The purpose of this report is to provide the Schools Forum with a three-year projection of the High Needs Block. This is based on a recent needs analysis and Sufficiency review, taking account of increasing numbers of pupils with SEND and rising demand for additional SEND specialist places as set out in the Special Provision Fund proposals.
- 1.2 The following report provides a breakdown of spend for 19/20, income and expenditure over the next three financial years and savings to mitigate some of the overspends.

### **2. Introduction**

- 2.1 In December 2018, the DfE gave an additional £2 billion to local authorities to help manage the increasing demands on their High Needs Block. Barnet received £964,000 for 2018/19 and the same for 2019/20. In 18/19 financial year this covered most of the overspend on the High Needs Block. Prior to this, schools had been asked to support the proposal to move 0.5% of the School block into the High Needs Block to cover the £1.1 million overspend in 18/19. In November 2018, Schools Forum had not supported this proposal, and the council referred the request to the Secretary of State. It subsequently withdrew the request following the announcement of the additional DfE grant.
- 2.2 The following calculations do not include any additional DfE funding beyond 19/20.
- 2.3 The total High Needs Budget is £44.146m. With the additional £964,000 for 18/19 and 19/20, the total for 19/20 is £45.110m. With an estimated 1% increase, and no additional grant, the High Needs Budget for 2020/21 would be £44.587m, 2021/22 £45.033m and in 2022/23 £45.484m.
- 2.4 Budget calculations have been based on the current and projected number of places Barnet needs in mainstream schools, Additional Resource Provisions and Special Schools. The “Special Places Plan” report to Schools Forum (26.6.19) outlines the number of Education, Health and Care Plans for different age groups and types of need and the required increase in specialist places. Forecast spend for out of borough placements, independent/non-maintained, and Other (PRUs, assessment places) have been based on the last 3-years of expenditure in these areas.

### 3. High Needs Block end of year forecast 2019/2020

3.1 Table 1 below shows the 2019/20 Income and expenditure projections, and savings that need to be made to mitigate the projected in-year overspend.

Table 1: 19/20 Income, expenditure and savings projections

	£m				
2019/20 Gross HN Block income	49.977				
HN block recoupment for ESFA funded places	<u>-4.867</u>				
<b>Net HN Block budget =</b>	<b><u>45.110</u></b>				
	Expenditure	£m			
Budget area	19/20 Budget	19/20 - current forecast	19/20 identified savings	19/20 additional savings	19/20 End of year forecast
Place funding (Special schools, ARPs and post 16)	6.572	6.560			6.560
ARP top up-funding	2.941	2.941	-	0.072	2.869
Special school top-up funding	7.912	8.212			8.212
Post-16 top-up funding	3.457	3.807		0.070	3.737
Mainstream top-up funding	9.252	9.350	-	0.185	9.165
Out of borough	2.531	2.531		0.100	2.431
Independent and non-maintained	7.843	7.891		0.080	7.811
Other (PRUs; assessment places; etc.)	4.601	4.901	0.100		5.000
<b>Subtotal</b>	<b>-</b>	<b>0.157</b>	<b>-</b>	<b>0.250</b>	
<b>Total expenditure</b>	<b>45.110</b>	<b>46.193</b>			<b>45.786</b>
	Income	£m			
Core Grant - 19/20 baseline	44.146				
Estimated 1% increase	-				
additional grant	0.964				
<b>Total income</b>	<b><u>45.110</u></b>				
<i>In-year overspend</i>		<i>1.083</i>			
<i>In-year overspend if savings achieved</i>					<i>0.676</i>

3.2 The current forecast for place funding shows a reduction of £12,000. Although there has been an increase in special school placements and ARP placements this year, totalling £150,000 there has been a reduction in post 16 placements.

3.3

- 3.4 There is an identified saving of £72,000 in ARP top-up funding due to some places in new provisions not being ‘ghost’ funded. The projected saving for the changes to top-up rates for ARPs was £280,000 for 19/20. Following a consultation, further work is needed on the model for the ARPs and as new special school provision comes on stream, the needs of many of the pupils attending the ARPs will be at a lower level, requiring less support. Currently, many pupils attending the ARPs have significant and complex needs requiring a high level of support.
- 3.5 Special school top up funding has increased with an increase in special school placements.
- 3.6 Although the number of post-16 placements has decreased, the complexity of needs of some of the students requires a high level of adult support. The £120,000 saving in 19/20 against the renegotiated top-up rate for post 16 will not be realised this year as this work has not yet started. Changes to the post-16 funding rate will be implemented from September 2020. There is a saving of £70,000 against the post-16 top up rate which comes from working with Barnet and Southgate College to review some high cost packages.
- 3.7 Some savings have been identified against out of borough and independent/non-maintained expenditure resulting from a reduction in some high cost packages of support.

#### **4. High Needs Block Funding Projections 2020 – 2023**

- 4.1 Based on the High Needs place numbers presented in the Special Provision Fund proposals (Appendix 1 of that report), the projections in Table 2 show the impact of the increased place and top-up funding over the 3- year period 2020/21 to 2022/23 compared to the 2019/20 Budget.
- 4.2 Based on the needs analysis, there will be an increase in expenditure on place funding and top-funding for ARPs, special schools and post 16.
- 4.3 The mainstream top-up funding forecast over the 3-year period 2020/21 to 2022/23 is based on the increases over the last 3-years and the number of pupils in mainstream schools who have complex needs requiring a higher level of adult support. In future, it is expected that there will be greater choice of provision for pupils with complex needs and many will have their needs met in specialist in-borough provision.
- 4.4 The expenditure on out borough, independent and non-maintained provision is based on spending over the last 3 years and this figure is likely to decrease as there will be more choice of provision in Barnet for pupils with SEND.
- 4.5 The projections of expenditure of PRUs, assessment places and hospital education funding is based on higher cost packages of support for assessment places due to complexity of need of individual pupils.

Table 2: Expenditure projections 2020 - 2023

	£m						
2019/20 Gross HN Block income	49.977						
HN block recoupment for ESFA funded places	-4.867						
<b>Net HN Block budget =</b>	<b>45.110</b>						
Expenditure	£m						
Budget area	19/20 Budget	20-21 volume increases	20-21 forecast	21-22 volume increases	21-22 forecast	22-23 volume increases	22-23 forecast
Place funding (Special schools, ARPs and post 16)	6.572	0.496	7.068	0.330	7.398	0.246	7.644
ARP top up-funding	2.941	0.107	3.048	0.155	3.203	0.081	3.284
Special school top-up funding	7.912	0.392	8.304	0.423	8.727	0.329	9.057
Post-16 top-up funding	3.457	0.546	4.003	-	4.003	-	4.003
Mainstream top-up funding	9.252	0.304	9.556	0.304	9.860	0.152	10.012
Out of borough	2.531	-	2.531	-	2.531	-	2.531
Independent and non-maintained	7.843	0.100	7.943	0.100	8.043	-	8.043
Other (PRUs; assessment places; etc.)	4.601	0.050	4.651	-	4.601	0.050	4.651
<b>Subtotal</b>	<b>1.995</b>			<b>1.262</b>		<b>0.858</b>	
<b>Total expenditure</b>	<b>45.110</b>		<b>47.105</b>		<b>48.367</b>		<b>49.225</b>
Income	£m						
Core Grant - 19/20 baseline	44.146		44.146		44.587		45.033
Estimated 1% increase	-		0.441		0.446		0.450
additional grant	0.964		-		-		-
<b>Total income</b>	<b>45.110</b>		<b>44.587</b>		<b>45.033</b>		<b>45.484</b>
<i>In-year overspend</i>			<b>2.517</b>		<b>3.333</b>		<b>3.741</b>

## **5. Savings to reduce in-year overspends**

- 5.1 Table 3 below shows the savings needed to mitigate some of the volume increases in specialist provision, based on the 2019/20 current forecast as a starting position.
- 5.2 It also shows the reduction of in-year overspends if savings are achieved.
- 5.3 The High Needs block income forecast assumes a 1% increase each year. It does not assume any additional DfE grant after 2019/20.
- 5.4 Savings are shown against the top-up funding for ARPs as a consequence of increasing numbers of pupils placed in the ARPs having a lower level of need and changes made to the existing model.
- 5.5 The post-16 savings are those previously agreed for 2019/20, with the change in funding rates to be implemented from September 2020.
- 5.6 It is anticipated that there will be a decrease in expenditure on top-up rates in mainstream schools due to a reduction in the rate of growth of the number of Education, Health and Care Plans and also a reduction in the amount of support for some pupils, particularly for secondary aged pupils who should have less of a reliance on adult support and greater independence.
- 5.7 Out of borough and independent/non-maintained expenditure is predicted to reduce as parents have greater choice of appropriate provision in borough.

Table 3: Savings needed to reduce over-spends from 2020-21 to 2022-23

	£m											
2019/20 Gross HN Block income	49.977											
HN block recoupment for ESFA funded places	-4.867											
<b>Net HN Block budget =</b>	<b>45.110</b>											
Expenditure					£m							
Budget area	19/20 Budget	19/20 End of year forecast	20-21 volume increases	Target 20-21 savings	20-21 forecast	21-22 volume increases	Target 21-22 savings	21-22 forecast	22-23 volume increases	Target 22-23 savings	22-23 forecast	
Place funding (Special schools, ARPs and post 16)	6.572	6.560	0.496		7.056	0.330		7.386	0.246		7.632	
ARP top up-funding	2.941	2.941	0.107	-	0.100	2.948	0.155	-	0.150	2.953	0.081	-
Special school top-up funding	7.912	8.212	0.392		8.604	0.423		9.027	0.329		9.357	
Post-16 top-up funding	3.457	3.807	0.546	-	0.144	4.209	-	4.209	-		4.209	
Mainstream top-up funding	9.252	9.350	0.304	-	0.180	9.474	0.304	-	0.192	9.586	0.152	-
Out of borough	2.531	2.531	-	-	0.104	2.427	-	2.353	-	-	0.051	2.302
Independent and non-maintained	7.843	7.891	0.100	-	0.294	7.697	0.100	-	0.186	7.611	-	-
Other (PRUs; assessment places; etc.)	4.601	4.901	0.050		4.951	-	0.050		4.901	0.050		4.951
<b>Subtotal</b>				<b>1.172</b>			<b>0.661</b>				<b>0.356</b>	
<b>Total expenditure</b>	<b>45.110</b>	<b>46.193</b>			<b>47.365</b>			<b>48.026</b>			<b>48.382</b>	With savings
Income					£m							
Core Grant - 19/20 baseline	44.146				44.146			44.587			45.033	
Estimated 1% increase	-				0.441			0.446			0.450	
additional grant	0.964				-			-			-	
<b>Total income</b>	<b>45.110</b>				<b>44.587</b>			<b>45.033</b>			<b>45.484</b>	
<i>In-year overspend if savings achieved</i>		<i>1.083</i>			<i>2.778</i>			<i>2.992</i>			<i>2.898</i>	

## **6. Summary**

- 6.1 The current forecast for 2019/20 indicates an in-year overspend of £1,083 million. If the identified savings are achieved, the overspend will be £676,000.
- 6.2 For 2020 – 2023, the forecast cumulative overspend is £9,591 million. If savings are achieved, this will reduce to £8,668.
- 6.3 An injection of additional High Needs funding of £3m a year is needed from 2020-21 to avoid an overspend.
- 6.4 Unless the DfE announces a significant injection of extra High Needs funding, it will be necessary to consider once again asking schools and the Schools Forum to agree to transfer up to 0.5% of the schools' block to the High Needs block each year from 2020-21.

## **7. Next Steps**

- 7.1 Undertake a needs analysis of Social, Emotional and Mental Health (SEMH) for pupils with an Education, Health and Care Plan (EHCP) and those in receipt of SEN Support. This evidence will provide the basis for a review of the offer for AP Barnet and having a clear pathway.
- 7.2 Ensure that the provision and support arrangements in the EHC Plans are robustly reviewed through the Annual Review process.
- 7.3 Ensure robust monitoring and review arrangements for pupils placed in higher cost out of borough/independent placements including a plan to return to local provision.
- 7.4 A working group with membership including representatives from mainstream schools, special schools and ARPs to develop support arrangements for pupils with and without an EHCP who have social communication needs but who do not have additional learning needs.
- 7.5 To undertake a needs analysis of young people placed in residential educational provision and look to develop provision locally.
- 7.6 Continue to develop alternative post-16years pathways, including supported internships.

## **8. Recommendations to Schools Forum**

- 8.1 The Schools Forum is asked to note the report.