

**Agenda Item  
10**

**Report Status**

For information/note  
For consultation & views  
For decision x

**Commissioning Unit**

**Report to High Needs Block –**

**Report Title: High Needs Block 2017-2018**

**Author: Vikki Monk-Meyer Head of Service SEN and Disability**

The purpose of this paper is to set out the budget outturn position for the High Needs Block 2017/18 and note the factors contributing to continued pressure on the High Needs Block as a result of increased demand and reduced budget.

To set out the budget position for 2018/19 and the agreed actions to manage demand for the High Needs Block across Mainstream Schools Special Schools, Alternative Provision and Hospital Provision 0-25 years.

To set out a high level forecast for the budget for 2019/20 to 2022/23 based on conservative assumptions in order to highlight the shortfall in budget for the next two years and the possible implications if mitigating actions proposed are not successful.

**Recommendations:**

1. To note the outturn position of the High Needs Block 2017/18 and the increased demand on the budget.
2. To note the allocated budget for 2018 – 2019, the potential pressures and proposed actions to mitigate the pressures.
3. To note the recommendations from the High Needs Block Sub Group.
4. To note the forecast spend to 2023 if the previous trends continue and the importance of mitigating actions.

## Introduction

1. The purpose of this paper is to report on the outturn of the High Needs Block (HNB) budget for 2017/18 and set out the forecast budget for 2018/19, highlighting the significant pressures and proposed mitigating actions.
2. The HNB has been under pressure since its inception in 2013. The purpose of the budget is to provide financial support for children with Special Education Needs and Disabilities (SEND). Overall the budget referenced as an 'average' support cost over both special and mainstream provision is £30,000. For the population of children with SEND in Haringey this would indicate a budget of £56 million.

## Budget outturn 2017/18

3. The High Needs Block budget was **£33,006,900** in 2017-2018 and overspent in 2017-2018. As a result of this actions were taken in year to address these issues. This led to revised budgets across budget lines under key pressure such as special schools, mainstream schools, college funding and independent and out of borough schools.
4. Despite the revision of budgets for key lines under pressure, the budget outturn was over spent by **£1,500,334**.
5. There have been a number of factors that have contributed to further pressure in the HNB in 2017/18. These include:
  - a) Significant yearly increases in the children who require and Educational Health and Care Plan as a result of the increased age range (0-25 years). Analysis of our local demand shows a 503 (37%) increase over the last 4 years. See Appendix A Chart 1.
  - b) Increased use of special school places with more costly packages for children with increasingly complex needs.
  - c) Increased school top ups for children in mainstream schools.
  - d) Increased costs for children to whom we have a new duty (hospital admission).
  - e) A rise in need for residential therapeutic places linked to those with mental health needs associated with SEMH/Autism.
  - f) Increasing use of Independent School places with increased transport costs due to lack of local capacity.
  - g) High cost residential places for young people 18 and over are increasing.
6. The following table sets out the initial budget for the HNB, the actual outturn and the variances for 2017/18.

|           |  | <b>Revised budget 17/18 £</b> | <b>Outturn 17/18 £</b> | <b>Variance £ (underspend)</b> |
|-----------|--|-------------------------------|------------------------|--------------------------------|
| 1         | Alternative Prov Commissioning                 | 1,137,900                     | 1,138,820              | 920                            |
| 2         | In Year Fair Access Panel                      | 338,000                       | 338,596                | 596                            |
| 3         | Parent Partnership (Markfield)                 | 98,900                        | 96,416                 | (2,484)                        |
| 4         | Visual Impairment                              | 177,000                       | 175,253                | (1,747)                        |
| 5         | SEN Strategy Manager                           | 142,900                       | 106,216                | (36,684)                       |
| 6         | Language Support Team                          | 308,200                       | 202,379                | (105,821)                      |
| 7         | SEN - Admin Team                               | 182,500                       | 183,576                | 1,076                          |
| 8         | SEN Portage Service                            | 160,000                       | 217,739                | 57,739                         |
| 9         | Hearing Impairment Team                        | 162,700                       | 163,187                | 487                            |
| 10        | SEN - Transport traded                         | 225,000                       | 225,000                | 0                              |
| 11        | LOVAAS   | 27,900                        | 49,009                 | 21,109                         |
| 12        | Speech & Language Therapy                      | 460,000                       | 490,082                | 30,082                         |
| 13        | Autism Support Team                            | 189,500                       | 211,304                | 21,804                         |
| 14        | Indepndt&VoluntarySc                           | 6,376,900                     | 6,906,712              | 529,812                        |
| 15        | Special schools-place funding                  | 4,270,000                     | 4,270,000              | 0                              |
| 16        | Special Schools Top Up                         | 6,986,100                     | 7,687,119              | 701,019                        |
| 17        | Mainstream. Schools Top Up                     | 4,897,800                     | 4,872,486              | (25,314)                       |
| 18        | Special Units Top Up                           | 848,500                       | 1,031,148              | 182,648                        |
| 19        | Higher Education Top Up                        | 2,427,000                     | 2,813,524              | 386,524                        |
| 20        | SEN contingency                                | 1,415,000                     | 1,330,868              | (84,132)                       |
| 21        | High Needs in Early Years                      | 255,100                       | 224,222                | (30,878)                       |
| 22        | Tuition Service                                | 550,000                       | 549,501                | (499)                          |
| 23        | Simmons House                                  | 180,000                       | 181,162                | 1,162                          |
| 24        | Early Help Locality Teams and Pathways         | 1,190,000                     | 1,042,915              | (147,085)                      |
| <b>25</b> | <b>Subtotal</b>                                | <b>33,006,900</b>             | <b>34,507,234</b>      | <b>1,500,334</b>               |
| 26        | HN contribution to overheads                   | 800,000                       |                        |                                |
| 27        | HN contribution to attendance & welfare svstem | 177,000                       |                        |                                |
| 28        | HN contribution to head of standards           | 22,600                        |                        |                                |
| 29        | HN contribution to TU representation           | 2,000                         |                        |                                |
| <b>30</b> | <b>TOTAL</b>                                   | <b>34,008,500</b>             |                        |                                |

7. The actions taken in year to mitigate the anticipated overspend included:

- Reduced DSG contribution to transport – £275K
- Reduction in staffing for SEN support services – £150K

- Reduction in contribution to Early Help - £120K
  - SEN contingency reduced – £100K
8. A total of £645k was moved to overspending lines. In addition to reduce over spend there was the following action:
- Reduction in Early Years Inclusion Top up from 395K to 195K.
9. As a result of these in year actions special schools and out of borough schools budgets were increased to manage demand by a total of £845K. The mainstream schools budget had been increased at the start of the financial year, in April 2017 by £408,000.

### **Explanation of potential pressure in the block for 2018/19**

10. The HNB has been reduced by £1million for 2018/19 which means that the allocated budget is £33,439,150 million. This is as a result of advice from the Education Funding Agency that they would be top slicing the budget following the move of Conel from Haringey to Camden's responsibility.
11. Therefore place funding for 83 young people's school places is moved to the receiving borough (£500,000 worth of place funding each year – 17/18 and 18/19). This is being done retrospectively, and does not equal the places taken up by Haringey children at Conel College. Currently 12 children attend Conel College from Haringey (£72,000 worth of place funding). This will place the budget under even further pressure.
12. In January 2018 there was a proposal to transfer 0.25% of money from the schools block to the HNB for April 2018 as a one off investment. This equals £480,000. The transfer was proposed to reduce pressure on the HNB and also to allow an uplift in the teaching assistant rate increase. This revised allocation of this funding was discussed at HNB sub group (see paragraph 20).
13. The pressures highlighted in paragraph 5 above continue into 2018/19 and monitoring of applications for EHCs shows that these continue to rise in the first half of the year.
14. The table below shows the forecast spend for 2018/19 and compares it to the revised budget and the outturn in 2017/18. This shows an increased overspend of **£ 1,851,079 million** that does not take into account proposed mitigating actions. However given the loss of £1m of allocated budget, overall the overspend has increased.
15. There are some budget lines where we are clearer about the pressures for 18/19, however given the unpredictability of children and

young people's movement between school some predictions remain challenging.

16. The following areas are highlighted in the table as currently there is insufficient budget to meet the demands of the service:

a) SEN Portage Service:

This is the home intervention education service for children with complex disabilities 0-5 years. This budget was not set to the correct level for the staff in the services and now runs over budget by one post.

b) Speech and Language therapy:

This line represents the spend on both Speech and Language Therapy and Occupational Therapy commissioned from Whittington Health to meet local need and is now part of a section 75 agreement. The level of budget commissioned is under review.

c) Independent and Voluntary maintained schools:

The independent school places are used when there is not capacity in local or neighbouring special school places. This increased from 89 to 108 places needed in 2017-2018. To the end of June 2018 there have been an additional five new independent special school places. The current forecast is based on 24 new places being required at the rate of two a month.

d) Special Schools top up:

The level of overspend represents the cost of an additional 23 places in local special schools as these schools are already at capacity.

e) Main stream schools top up:

This area is at budget but was uplifted by 408K at the beginning of 2018. The current forecast reflects latest estimates of increased volumes of children with EHCs – 52 children across primary and secondary schools.

f) Higher education top up:

There is an increasing number of young people staying on in education post 16. This is the areas of greatest growth due to increased numbers. The latest forecast reflects the costs for an extra 60 young people from September 2018.

|   | <b>High Needs Block</b>        | <b>Outturn<br/>17/18</b> | <b>Revised<br/>budget<br/>18/19</b> | <b>Forecast<br/>spend<br/>18/19</b> |
|---|--------------------------------|--------------------------|-------------------------------------|-------------------------------------|
| 1 | Alternative Prov Commissioning | 1,138,820                | 1,196,800                           | 1,196,800                           |
| 2 | In Year Fair Access Panel      | 338,596                  | 338,000                             | 338,000                             |
| 3 | Parent Partnership (Markfield) | 96,416                   | 98,900                              | 96,000                              |

|    | <b>High Needs Block</b>                           | <b>Outturn<br/>17/18</b> | <b>Revised<br/>budget<br/>18/19</b> | <b>Forecast<br/>spend<br/>18/19</b> |
|----|---|--------------------------|-------------------------------------|-------------------------------------|
| 4  | Visual Impairment                                 | 175,253                  | 177,000                             | 175,000                             |
| 5  | SEN Strategy Manager                              | 106,216                  | 110,000                             | 107,000                             |
| 6  | Autism and Language<br>Support Team               | 317,520                  | 410,000                             | 395,00                              |
| 7  | SEN - Admin Team                                  | 183,576                  | 182,500                             | 182,500                             |
| 8  | SEN Portage Service                               | 217,739                  | 160,000                             | 208,000                             |
| 9  | Hearing Impairment Team                           | 163,187                  | 162,700                             | 162,700                             |
| 10 | SEN - Transport traded                            | 225,000                  | 225,000                             | 225,000                             |
| 11 | LOVAAS  | 49,009                   | 30,000                              | 30,000                              |
| 12 | Speech & Language Therapy                         | 490,082                  | 442,000                             | 522,00                              |
| 13 | Indepndt&VoluntarySc                              | 6,906,712                | 6,773,314                           | 7,082,000                           |
| 14 | Special schools-place<br>funding                  | 4,270,000                | 4,360,000                           | 4,360,000                           |
| 15 | Special Schools Top Up                            | 7,687,119                | 7,286,350                           | 7,687,119                           |
| 16 | Mainstream. Schools Top Up                        | 4,872,486                | 4,872,486                           | 5,147,486                           |
| 17 | Special Units Top Up                              | 1,031,148                | 835,000                             | 835,000                             |
| 18 | Higher Education Top Up                           | 2,813,524                | 2,415,000                           | 3,093,524                           |
| 19 | SEN contingency                                   | 1,330,868                | 1,300,000                           | 1,300,000                           |
| 20 | High Needs in Early Years                         | 224,222                  | 255,100                             | 255,100                             |
| 21 | Tuition Service                                   | 549,501                  | 550,000                             | 550,000                             |
| 22 | Simmons House                                     | 181,162                  | 220,000                             | 220,000                             |
| 23 | Early help Locality Teams                         | 883,444                  | 880,000                             | 880,000                             |
| 24 | Pathways for Early<br>Intervention                | 159,471                  | 180,000                             | 180,000                             |
|    | <b>Subtotal</b>                                   | <b>34,411,071</b>        | <b>33,460,150</b>                   | <b>34,311,229</b>                   |
| 25 | HN contribution to overheads                      |                          | 800,000                             | 800,000                             |
| 26 | HN contribution to<br>attendance & welfare svstem |                          | 177,000                             | 177,000                             |
| 27 | HN contribution to head of<br>standards           |                          | 0                                   | 0                                   |
| 28 | HN contribution to TU<br>representation           |                          | 2,000                               | 2,000                               |
| 29 | <b>Subtotal</b>                                   |                          | <b>34,439,150</b>                   | <b>35,290,229</b>                   |
| 30 | Reduction in budget due to<br>ESFA claw back      |                          | <b>1,000,000</b>                    |                                     |
| 31 | <b>TOTAL</b>                                      |                          | <b>33,439,150</b>                   | <b>35,290,229</b>                   |
|    |   |                          |                                     |                                     |
| 32 | <b>TOTAL PREDICTED<br/>OVERSPEND</b>              |                          |                                     | <b>1,851,079</b>                    |

#### Future mitigation to spend pressure

17. The following areas for action have been identified to mitigate the spend pressure in the budget and work is in train to forecast the savings that are achievable.

18. Special school places

- a) Establish the SEMH pathway to include a different usage of Tuition and Local Providers such as the Octagon for SEMH and both outreach and therapeutic provision
- b) Review the outreach offer from advisory teachers to provide more support in mainstream schools
- c) Temporary opening of The Grove primary classes on St Mary's site to expand existing provision, however this is also a cost to be found from within the high needs block.

19. Usage of out of borough places

- a) Establishment of The Grove and Riverside Learning Centre Post 16 year settings
- b) Commissioning of increased places at Harrington Scheme, Haringey 6<sup>th</sup> Form Centre
- c) Maximise usage of Area 51 setting, however this setting is short of space for more complex children.
- d) Review young people's post 16 care plans to consider appropriate post 16 pathways such as employment or social care packages

#### **High Needs Block Sub Group Update**

20. Following discussions at the HNB sub group on the 27<sup>th</sup> June 2018 (draft minutes attached at Appendix B), the following actions were agreed:

- a) Review of the budget and challenge back to Education and Skills Funding Agency (ESFA) around the budget setting and place funding for schools and colleges.
- b) Maintenance of school top up rates at current level with no increase in top up, to be reconsidered 2020 post national schools funding changes - £275,000.
- c) Capital receipt contribution to transport through an invest to save bid - £225,000.
- d) Release as agreed of Growth Fund underspend - £360,000.
- e) The HNB sub group continued to question the contribution to Early Help and Overheads and the allocated officers to consider this after looking at the cost savings released by actions in (f) below.
- f) Actions to be taken by the service which may release cost savings:
  - Review of out of borough places for value for money and delivery of effective services
  - Maintain independent school rates and refuse uplift rates
  - Establish an effective pathway for transition of young people into employment and apprenticeships
  - Investigate the banding of college top up rates for high medium and low need

- g) Review a number of contracts including: Royal National Institute for the Blind, Specialist Equipment Purchase (Millbrook), Enhance EHCP support writer and Speech and language therapy.

#### Conclusion

21. The HNB continues to be under significant pressure in 2018/19 and the forecast highlights an increased overspend. Without the key mitigating actions proposed in this report the overspend risks further in-year increases. Additional work is being done to forecast future years' spending profiles to inform decisions about the HNB going forward.