

HNB Deficit Recovery Strategy 2022/3 – 2028/9

Report being considered by:	Schools Forum 6 th December 2021		
Report Author:	Jane Seymour, Michelle Sancho, Linda Curtis		
Item for:	Discussion	By:	All Forum Members

1. Purpose of the Report

1.1 To propose a 6 year HNB deficit recovery strategy for consideration by the Schools Forum.

2. Recommendation

2.1 That the Schools Forum notes this report.

Will the recommendation require the matter to be referred to the Council or the Executive for final determination?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
--	-------------------------------	---

3. Introduction

3.1 The High Needs Block has been under pressure for several years with deficit budgets being set from 2016/17 onwards.

3.2 The rising costs in the HNB can be primarily attributed to an overall increase in the number of children with EHCPs placed in all settings, including mainstream and specialist, from ages 0 to 25.

3.3 However, there are specific areas of cost increase which have had the most impact on the HNB. These are set out below:

- Increase in age range for EHCPs from age 19 up to age 25, including young people with high needs placed in FE colleges
- Increase in children moving from mainstream to independent, non maintained and free special schools, mainly children with SEMH or autism.
- Increase in children placed in I-College
- Increase in children with very complex SEND requiring placement in local maintained special schools (Castle and Brookfields)
- Increase in children moving from mainstream to local maintained special schools

3.4 West Berkshire Council has robust systems in place to manage demand for EHCPs and ensure that they are only issued where a school cannot meet a child's needs from its own resources. The DfE recently published data which showed that EHCPs increased by 33% on average nationally in the 3 years between 2017 and 2020, but that in that period the increase in West Berkshire was only 14.5%.

3.5 Similarly, placements in independent, non maintained and free special schools are only made when it is clearly evidenced that a child's needs cannot be met in local provision.

3.6 Nevertheless, we have seen an overall increase in EHCPs of 41% since the Children and Families Act came in to force in 2014, which inevitably has a significant impact on the HNB. Similarly, spend on independent, non maintained and free school places has continued to rise.

3.7 HNB allocations have increased in recent years but increases have not kept pace with the rise in demand. The current estimated position for 22-23 is that cumulated overspends up to March 2022 will be £4,008,065 and the 22-23 in year budget will exceed the HNB allocation by **£2,147,537**

3.8 This report attempts to model the changes in placement patterns which would be needed in order to achieve expenditure within budget by 2028-29.

3.9 Whilst increasing costs in local maintained special schools are cited as one of the pressures on the HNB, it is not anticipated that placements in this sector can be reduced given the rising number of children with very complex SEND, over which the LA has no control.

3.10 The focus in the recovery strategy is therefore on reducing expenditure on independent, non maintained and free special school placements and also on I-College placements, as these placements have the potential to be reduced through earlier intervention, including the strategies currently funded as "invest to save" initiatives.

3.11 It should be stressed that it is not the intention to deny specialist placements to children who require them. A reduction in placements would be achieved through earlier intervention and support so that some children do not reach the point of needing a specialist placement and can have their needs effectively met in their mainstream schools.

4. Invest to Save initiatives 2020-2022

4.1 The SEND Strategy 2018-23 seeks to

- Increase capacity of mainstream schools to meet needs of children with SEND through training, guidance and specialist support
- Increase local specialist provision for children with EHCPs to reduce external (more costly) placements
- Improve the post 16 offer for young people with SEND, in particular by increasing supported internships and supporting more young people in to employment
- Improve the transition from children's to adults' Social Care and Health services
- Improve access to Health and other services which will improve health and wellbeing of young people with SEND and their parents / carers.

4.2 The SEND Strategy is monitored by the SEND Strategic Partnership Board which includes representation from all stakeholders including parents, schools and other agencies. The SEND Strategy 2018-23 had no additional funding allocated for its implementation other than capital funding for new provision for SEMH/autism.

4.3 Funding to support the SEND Strategy has been sought through the HFG and Schools Forum since implementation. A number of invest to save initiatives were agreed in 2020-21 and 2021-22, all of which are consistent with the strategy and in particular with the need to strengthen capacity in mainstream schools in order to reduce external placements.

4.4 A report was brought to the Schools Forum on 18th October, evidencing the success which had been achieved in supporting young people and the placement costs which had been avoided as a result of the 2020-21 invest to save initiatives, including the LA wide therapeutic thinking initiative (including an increased level of VCG grant), and the expansion of the Autism Team.

4.5 Further invest to save initiatives were agreed for 2021-22 including an EBSA Fund for allocation to schools, part time EP, EWO and mental health worker posts for EBSA and an Autism fund for allocation to schools. Reporting on impact of these initiatives has not yet been done as they have only been in place since September 2021. However, like the 2020-21 invest to save projects, these initiatives have been designed to enable children to remain in their mainstream schools where appropriate and reduce HNB expenditure on specialist placements.

4.6 These initiatives will be critical to any deficit recovery strategy as exclusions and specialist placements will not reduce without investment in earlier intervention and prevention.

4.7 New secondary provision for students with SEMH and autism is on target to open in September 2022, managed by The Castle School and based in Theale. The new provision will take 12 students in 2022. This will increase to a total of 42 students over approximately 5 years. This provision has been taken in to consideration in the estimate of external placements which can be avoided.

4.8 There are plans in place to open primary SEMH/ Autism provision by 2023 or 2024 and a school has now been identified. These new places have also been taken in to consideration.

5. Reduction in HNB expenditure over 6 year period to 2028-29

5.1 The budgets which are targeted for reductions over the 6 year period to 2028 are budgets for specialist SEND placements (independent, non maintained and free special schools) and I-College.

5.2 The following calculations do not take in to account either inflation of costs or inflationary increases in the HNB budget, as these figures are not yet known and may cancel each other out.

5.3 This plan does not take account of carried forward overspends and seeks only to reach a position whereby in year expenditure matches budget.

5.4 As stated in 3.7 above, HNB expenditure in 2022-23 is expected to exceed budget by £2,147,537.

5.5 The table below shows the 22-23 anticipated expenditure for the cost centres referred to in 5.1 above, and the extent to which they would need to reduce by 2028 (Table 1).

5.6 It should be noted that the figures for the 2022-23 budgets and required reduction in budgets for the following three cost centres have been combined in to one: independent special schools, non maintained special schools and free special schools.

5.7 Places in free special schools are funded from the “Non West Berkshire Special Schools” budget. This budget funds places in free special schools and also places in other Local Authorities’ maintained special schools. The budget required for 2022-23 is estimated to be £919,660. Of this, £331,696 is for free special school placements and the remaining £587,964 is for placements in other LAs’ maintained special schools.

5.8 It is not the intention to reduce placements in other LAs’ maintained special school as this is a very cost effective way of meeting needs of children who cannot remain in mainstream, although it should be noted that gaining access to these placements is becoming more difficult due to increasing demand in all parts of the country. The part of the budget which is targeted for reduction is the portion which funds free special schools. Free special schools are directly funded by Government, and are therefore deemed to be “state” schools, but they can be as expensive as non maintained special school placements.

5.9 Table 1 below shows the savings which would be needed from the combined Independent / Non maintained / Free special school budget and from the I-College budget if savings were taken in line with the proportion of total spend. This approach would mean that 22% of savings required would come from I-College and 78% from the other combined budget.

5.10 However, whilst placements in I-College should reduce over time due to therapeutic thinking approaches, I-College provides more cost effective placements than those in independent, non maintained and free special schools, and therefore the proportion of the total saving to be contributed by I-College has been modelled as 11% of the total saving with 89% coming from other placements. This is shown in Table 2 below.

Table 1

Savings needed by cost centre if apportioned in line with 22-23 estimated spend

Budget / cost centre	2021-22 estimated spend	2022-23 Budget needed	Comb total	% of total spend & of total saving	Reduction required over 6 years	2028-2029 Budget
I-College	1,441,760	1,597,160		22%	472,458	1,124,702
Free special schools	422,820	331,696)))
Ind special	3,479,590	4,335,930)5,783,926	78%)1,675,079) 4,108,847
Non m/t special	936,240	1,116,300)))
TOTAL	6,280,410	7,381,086		100%	£2,147,537	5,233,549

Table 2

Savings needed by cost centre if proportion of saving is changed from 22% PRU / 78% other cost centres to 11% PRU / 89% other cost centres

Budget / cost centre	2021-22 estimated spend	2022-23 Budget needed	Comb total	% of total spend	% of total saving	Reduction required over 6 years	2028-2029 Budget
I-College	1,441,760	1,597,160		22%	11%	236,229	1,360,931
Free special schools	422,820	331,696)))
Ind special	3,479,590	4,335,930)5,783,926	78%	89%)1,911,308)3,872,618
Non m/t special	936,240	1,116,300)))
TOTAL	6,280,410	7,381,086		100%		£2,147,537	5,233,549

6. Savings on independent, non-maintained and free special schools by 2028/9

6.1 The majority of placements made in this sector by WBC are for children with SEMH and ASD.

6.2 The SEND Strategy, including the recent invest to save initiatives, aims to reduce the number of specialist placements through earlier intervention and prevention. Some success has already been demonstrated, as set out in a report to the Schools Forum on 18th October.

6.3 In order to achieve the savings required in this budget, the total number of children placed would need to reduce as shown in Table 3 below. Please note that an average cost per placement of £54,055 has been assumed. A placement costs on average £62,000 per annum for a full year. However, as there will always be some children in each cohort in each financial year whose costs are part year only (ie. September starters or summer leavers) we have taken a lower cost as the average annual cost per child.

Table 3

Financial year	No. of placements	Reduction	Saving	Cost
2022-23	107			5,783,926
2023-24	103	-4	216,220	5,567,706
2024-25	98	-5	270,275	5,297,431
2025-26	92	-6	324,330	4,973,101
2026-27	86	-6	324,330	4,648,771
2027-28	80	-6	324,330	4,324,441
2028-29	75	-5	270,275	4,054,166
	71	-4	216,220	3,837,946
Total		-36	1,945,980	

7. Savings on I-College by 2028/9

7.1 Expenditure on I-College placements has been increasing steadily due to permanent exclusions and to children with EHCPs whose needs can no longer be met in mainstream needing short or long term placements.

7.2 The SEND Strategy including the recent invest to save initiatives aims to reduce the number of exclusions and I-College placements through earlier intervention and prevention. Some success has already been demonstrated, as set out in a report to the Schools Forum on 18th December.

7.3 In order to achieve the savings required in this budget, the total number of children placed would need to reduce as shown in Table 4 below. Please note that an average cost per placement of £19,013 has been assumed (£1,597,160 divided by 84 places).

7.4 It should be noted that the total number of placements shown for 2022-23 includes those specifically created for children and young people with EHCPs.

Table 4

Financial year	No. of placements	Reduction	Saving	Cost
2022-23	84			1,597,160
2023-24	82	-2	38,026	1,559,134
2024-25	80	-2	38,026	1,521,108
2025-26	78	-2	38,026	1,483,082
2026-27	76	-2	38,026	1,445,056
2027-28	74	-2	38,026	1,407,030
2028-29	71	-3	57,039	1,349,991
Total		-13	247,169	

8. Factors for consideration

8.1 This proposed deficit strategy is based on reduced exclusions, reduced provision for excluded pupils and reduced specialist SEND placements. In order for expenditure to come in line with budget by 2028, *it is assumed that costs in other HNB cost centres will not increase other than for inflation*, (which should be covered by HNB increases).

8.2 If other cost centres in the HNB increase in future years by more than inflation, additional savings would be needed to achieve expenditure in line with budget.

8.3 Cost centres in the HNB which are at risk of continuing to increase are, in particular, EHCPs in mainstream schools and EHCPs in maintained special schools. These increases may be offset by other decreases such as in FE placements. However, the effect of Covid may see FE placements for young people with EHCPs start to rise again. This will need to be closely monitored.

8.4 This strategy, as stated above, does not address cumulative in year overspends.

8.5 Factors which are outside of the LA's control include children who move in to the area who attend a non maintained, independent or free school, (for which WBC then becomes financially liable) and decisions of the SEND Tribunal.

8.6 The success of this strategy very much relies on the support and cooperation of schools in making use of support provided by the Local Authority to reduce exclusions and, in particular, to reduce the number of specialist placements for children with EHCPs which are requested via Annual Reviews. A plan for communicating and promoting the need to support more children with EHCPs in mainstream schools will need to be developed.

8.7 Consideration will also need to be given to whether or not the current level of investment in invest to save / preventative initiatives will be sufficient to achieve this level of reduction in external placements.

9. Conclusion

11.1 This report sets out a proposed strategy for bringing HNB expenditure within budget in 6 years. It seeks to avoid specialist placements and I-College placements by supporting schools to provide high quality interventions for children so that they can continue to be educated in a mainstream setting where appropriate.

10. Consultation and Engagement

10.1 Ian Pearson, Michelle Sancho, Linda Curtis, Lisa Potts