



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday, 16 May 2024
Title of report:	High Needs Block Budget
Type of report: Delete as required	For information only
Executive summary: Including reason for submission	The report outlines the deficit management approach and mitigating actions for the High Needs Block budget.
Budget / Risk implications:	There is an accumulated deficit as at 31 st March 2024 of c.£13m and a projected in-year deficit in 2024-25 of c.£6m which would result in a projected accumulated deficit as at 31 st March 2025 of £19.0m. Unmitigated forecasts indicate this will rise to c.£94m by 31 st March 2028.
Recommendations:	Schools Forum are asked to note the contents of the report.
Voting requirements:	None
Appendices: To be attached	None
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Presenting officer: If not the originator	

1.0 PURPOSE OF THE REPORT

- 1.1 This paper outlines the deficit management approach to addressing the High Needs Block budget position and the associated mitigating actions to ensure the local authority, in partnership with other stakeholders, improve the delivery of SEND provision for children and young people whilst working towards a more financially sustainable position.

2.0 HIGH NEEDS BLOCK CONTEXT

- 2.1 In March 2024, it was reported to the North Yorkshire Schools Forum that despite a High Needs Block cash allocation of £82.150m, a 2024-25 in-year unmitigated deficit of up to £5.9m was anticipated. As at 31st March 2024, there is a £13m accumulated deficit outturn position for 2024-25, which would, other things being equal, lead to a c.£19m accumulated deficit position by 31st March 2025.
- 2.2 Projections undertaken by the local authority are broadly in line with separate assessments of spending undertaken in conjunction with Newton Europe and the Chartered Institute of Public Finance and Accountancy (CIPFA) as part of the local authority's participation in the DfE's Delivering Better Value (DBV) in SEND programme. Those projections shows that the unmitigated accumulated deficit would rise to c.£90-100m by March 2028.
- 2.3 Our ambition for children with SEND is the same as it is for all children and young people in North Yorkshire. That is, they are safe, happy and healthy and able to achieve. More specifically we will work with families and partners to ensure that all children and young people with Special Educational Needs and Disabilities:
- have access to the most inclusive opportunities in their community that enables them to thrive;
 - are able to attend a school or provision close to home, where they can make friends and develop their place in the local community;
 - have good social emotional and physical health and are fully prepared for a fulfilling adulthood;
 - develop independence and have high aspirations that are a focus throughout their entire educational journey;
 - young people move confidently into adulthood where they feel equipped to thrive and enjoy life.
- 2.4 This report outlines a number of mitigating actions identified by the local authority which aim to utilise High Needs Block allocations in supporting all children and young people assessed as requiring SEN support or through an Education Health and Care Plan (EHCP) as effectively as possible. The report will discuss:
- existing mitigations – plans already identified and agreed by the local authority and currently in delivery;
 - mitigations identified through the local authority's participation within the DfE's Delivering Better Value (DBV) in SEND programme
 - other mitigating actions identified by the local authority

3.1 EXISTING MITIGATIONS

SEND Capital Programme including Targeted Mainstream Provision

3.2 In April 2024, Members approved a £20.5m investment in specialist provision across North Yorkshire through the SEND Capital programme. The programme seeks to deliver a programme of expanding SEN specialist capacity within North Yorkshire including:

- a significant contribution to the funding of the DfE-managed project for a new SEN free school at Osgodby in Selby;
- a new SEN free school in Northallerton;
- a significant refurbishment to address critical works at Welburn Hall Special School;
- a secondary autism provision at the former Woodfield primary school site in Harrogate;
- an expansion of places at Springwater Special School;
- further roll-out of targeted mainstream provisions across the county – the local authority has an approved strategic objective of developing 31 Targeted Mainstream Provisions (TMPs) and currently has 10 operational provisions with 5 schemes in development;
- mini-schemes leading to expansion of existing special schools;
- expanding capacity in conjunction with the North Yorkshire Personalised Learning College

3.3 The aim is to deliver an expansion in specialist provision capacity of c.345 places. It is envisaged that the deployment of this additional capacity will reduce the demand for independent and non-maintained special school placements in the future. There is a potential cost mitigation of up to £14.5m by 2027-28.

3.4 It should be noted that, over the last five years, there has been separate additional investment by the Department for Education (DfE) in Brompton Hall School, Forest Moor School and Woodlands Academy.

4.0 DELIVERING BETTER VALUE IN SEND PROGRAMME – IDENTIFIED OPPORTUNITIES

4.1 Through the local authority's participation within the Delivering Better Value in SEND programme, it was identified that mitigating actions could refocus spending to avoid the accumulation of up to £11 million over the next four years. This could be achieved through the development and implementation of three specific workstreams – two around strengthening the support in mainstream settings for young people with particular primary needs as they go through key transition points, and one proposal around developing a methodology and programme of Inclusion Reviews, following agreement of what constitutes ordinarily available provision in North Yorkshire. These seek to strengthen best practice across the High Needs system within North Yorkshire.

- 4.2 There will be a focus on an agreed cohort of individual children at the point of transition – engaging with individual children, parents and school staff – to include an understanding of assets and concerns, utilising multiagency solution-focussed consultation, conversations, training or modelling of approaches and sensory audit etc. The approach has been launched in Summer Term 2024.
- 4.3 The local authority will also work with schools and academies and other education settings to agree what is/should be ordinarily available provision focussing on evidence and practice in: learning and teaching; the curriculum offer and adaptations; the sensory, social and physical environment; approaches to promoting positive behaviour; legal duties and adaptations; funding and provision mapping; embedding cohort screening to meeting needs; and, inspection frameworks.
- 4.4 There is potential cost mitigation of up to £10.8m by March 2028 based on these actions leading to sustained mainstream placements.

5.0 OTHER MITIGATION OPPORTUNITIES

Workstream 1

Block Transfer – from Schools Block to High Needs Block

- 5.1 As part of the annual School Funding arrangements for the financial year 2024-25, and following consultation with all schools and academies, and subsequent discussion with the North Yorkshire Schools Forum, the local authority agreed a 0.5% transfer of funding from the Schools Block to the High Needs Block. This amounted to £2.18m in 2024-25. Whilst this does not increase the overall funding availability within North Yorkshire, this was a fundamentally important decision within the overall approach, in re-focussing resources within schools to meet the needs of children assessed as requiring SEN support or an Education, Health and Care Plan.
- 5.2 The local authority recognises that schools and academies are facing considerable challenges in developing sustainable medium-term financial plans. However, given the pressures across the system, it is anticipated that Forum members – as leaders within the North Yorkshire school funding and SEND systems – will be asked to consider further block transfers on an annual basis, unless significant additional funding is announced by the Department for Education.

Health Contributions

- 5.3 The local authority will continue to work with Health partners to jointly commission placements for children with complex education, health and care needs.

Element 3 Top-up Banding

- 5.4 The maximum affordable uplift in Element 3 top-up funding for the 2024-25 financial year was set at 1.9%, in line with the DfE's overall increase in school funding. Whilst

the local authority is mindful of ensuring an overall strategy where funding supports children being educated as locally as possible, unless there is a marked improvement in the financial outlook, future increases will be constrained with reference to overall schools block and high needs block funding increases.

SEN Inclusion Fund (SENIF)

- 5.5 The local authority is required to have a Special Educational Needs Inclusion Fund (SENIF) for all children with SEN who are eligible for, or taking up, the entitlements (including those aged 9 months to 2 year olds as they become eligible during 2024-25). SENIFs are intended to enable local authorities to work with providers to recognise and support low level and emerging SEN of children who are taking up the entitlements and to strategically commission SEN services as required under the Children and Families Act 2014.
- 5.6 North Yorkshire is meeting this requirement having established a SENIF within the Early Years Block of the Dedicated Schools Grant. This will enable the local authority to meet the needs of eligible children within early years' settings and reduce the financial pressure within the High Needs Block by up to c.£1m per annum.

Workstream 2

Strategic Engagement with Schools

- 5.7 The local authority has participated in the DfE's Delivering Better Value (DBV) in SEND programme. As part of this programme, key stakeholders including schools and academies, health partners, parents and carers have been engaged to inform the understanding and analysis of the SEND system in North Yorkshire. The mitigating measures outlined in this report reflect a strong desire to enhance outcomes for children with SEND through co-design and collaboration with partners across the High Needs system.
- 5.8 The local authority will continue to engage with stakeholders to inform and shape the overall strategy, including through the North Yorkshire Schools Forum and High Needs Funding Sub-Group. It is important that all partners in the system understand, and are willing to support the intentions of the wider programme. The local authority will continue to engage with schools through Headteacher briefings, and the establishment of a schools/families reference group to ensure co-production and facilitate culture change. The local authority will also consider ways in which datasets relating to individual schools and academies, localities, county and national benchmarking data can be used to support and challenge trends, outliers and best practice to support inclusive approaches that deliver the programme objectives.

Locality Boards

- 5.9 Locality Board budgets have been re-based to a county-wide total of £700k from April 2024. This releases c.£77k compared with 2023-24 and c.£310k over the period 2024-2028. Going forwards, it will be important that each locality board ensures that plans support the wider programme objectives

Post-implementation review of Locality Hubs

- 5.10 The local authority's SEND hubs were established in 2020 following the development of the SEND Strategic Plan for Educational Provision 2018-23, when significant support was received for the creation of locality-based multi-disciplinary SEND teams. Since then, the hubs have managed an increase in referrals, in line with the increased prevalence of SEND in schools. Feedback on the quality of support from the hubs has largely been positive but impact and reach are constrained by existing capacity (which is funded from the High Needs Block) and by the rise in primary school permanent exclusions.
- 5.11 A planned post-implementation review of the hub model - delayed in part due to the implementation period occurring during the response to the covid-19 pandemic - will be undertaken to evaluate the effectiveness of the hub model by early 2025. An established performance framework will support this evaluation.

Workstream 3**Medical Education Service/Education Other Than At School (MES/EOTAS)**

- 5.12 A review will be undertaken to develop proposals to meet statutory duties through alternative provision in response to increasing demands in EOTAS, including meeting medical needs. The review will also consider reintegration pathways. The review will be supported/underpinned by the local authority's adoption of the DfE's guidance in seeking financial contributions from schools/academies in relation to children where alternative provision is organised by the local authority but the children remain on the school roll.

Placement Quality and Contract Management

- 5.13 Whilst the local authority has well-established contract management and quality assurance arrangements in place, the projected accumulated deficit made assumptions about the anticipated contract prices. Close monitoring of fee uplift requests and the delivery of outcomes in line with contract specifications are anticipated to yield modest variations from the projections. Discussion and negotiations will be impacted by the operational environment in the independent sector as well as by general market conditions.

Reintegration of young people into specialist provision from Independent and Non-maintained special schools

- 5.14 The local authority is planning to strengthen the review processes at interim review points for young people in independent and non-maintained special school placements to ensure that, where possible, high quality local provision is reconsidered at suitable transition points.

Extended Day Provision review

- 5.15 A review of the continuation of funding for activities beyond the standard school day – which was commissioned from only one special school - has concluded. The relevant school have requested the extended day arrangements cease from the end of the 2023-24 academic year and the local authority made a decision in April 2024 to cease provision in line with the request. This mitigating action will reduce the projected spend by c.£220k per annum.

Workstream 4

SEND End-to-End Review

- 5.16 During the period January-March 2024, the local authority undertook an end-to-end review of systems, statutory functions and procedures within the SEND teams to ensure that the service is operating as efficiently as possible in order to meet statutory timescales.
- 5.17 The review identified that consistently rising demand is putting pressure on existing systems and processes. This has impacted on decision-making processes, data issues and communications. The local authority has identified a number of high-level priorities including:
- improvements to communications with schools, academies and parents/carers;
 - improvements to quality assurance and quality control frameworks;
 - planned work to cleanse data, improve data reporting and streamlining the completion of statutory returns (e.g. SEN2);
 - streamlining finance processes;
 - reduce and eliminate assessment backlogs;
 - in the medium-term, full process analysis and lean improvement, requirements gathering, solution identification and implementation, embedded with staff, customers and partners.
- 5.18 During May and June 2024, a detailed action plan will be developed to take forward the priorities to make sustainable improvements in systems, processes, functions and communication.

Review of Band Processes and Moderation

- 5.19 Linked with the SEND end-to-end review, the local authority is also seeking to strengthen approval procedures and supervision arrangements for SEN casework teams to maintain consistency in decision-making. Modest mitigations between c.£70-110k per annum are projected based on an assumption that there is a steady state level of demand for additional funding allocations.

6.0 SUMMARY

- 6.1 Overall, the mitigating actions aim to reduce the unmitigated accumulated deficit of £94m by March 2028 by up to £53m. This would leave a projected accumulated deficit of £41m by March 2028 - which clearly is still a significant financial issue.
- 6.2 The table below summarises the high-level projected impact if all of the mitigating actions have the full impact within the expected timeframes. Clearly, there are a number of risks and permutations with each aspect of the wider programme.

	Potential Unmitigated Deficit Reduction Projection				
	2024-25 £k	2025-26 £k	2026-27 £k	2027-28 £k	Total £k
Existing Mitigations	117	2,331	6,195	8,919	17,562
DBV initiatives	438	2,423	3,640	4,338	10,839
Other mitigation actions	4,392	5,848	6,847	7,500	24,587
TOTAL	4,947	10,602	16,682	20,757	52,988

- 6.3 Given that the mitigating actions are unlikely to eliminate the projected accumulated deficit by March 2028, the local authority' stance remains that the level of increase in the national funding quantum is insufficient to enable local authorities to respond to the combination of pay and price inflation and increased demand for support. Inequities in the distribution of resources between local authorities need to be addressed. In January 2024, the Executive of North Yorkshire agreed to continue to lobby DfE and ministers for fairer funding for North Yorkshire. Officers will continue to support as a member of the f40 lobbying group and through other professional network associations (e.g. CCN, ADCS, SCT) as well as through efforts as an individual council.

7.0 RECOMMENDATIONS

- 7.1 Schools Forum are asked:
- (i) to note the contents of this report;
 - (ii) to note the financial position.

STUART CARLTON

Corporate Director – Children and Young People's Service