

# High Needs Block & SEND – DSG - Deficit Management Plan

Children and Families Scrutiny Committee

13 March 2024

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# High Needs Block proposed budget

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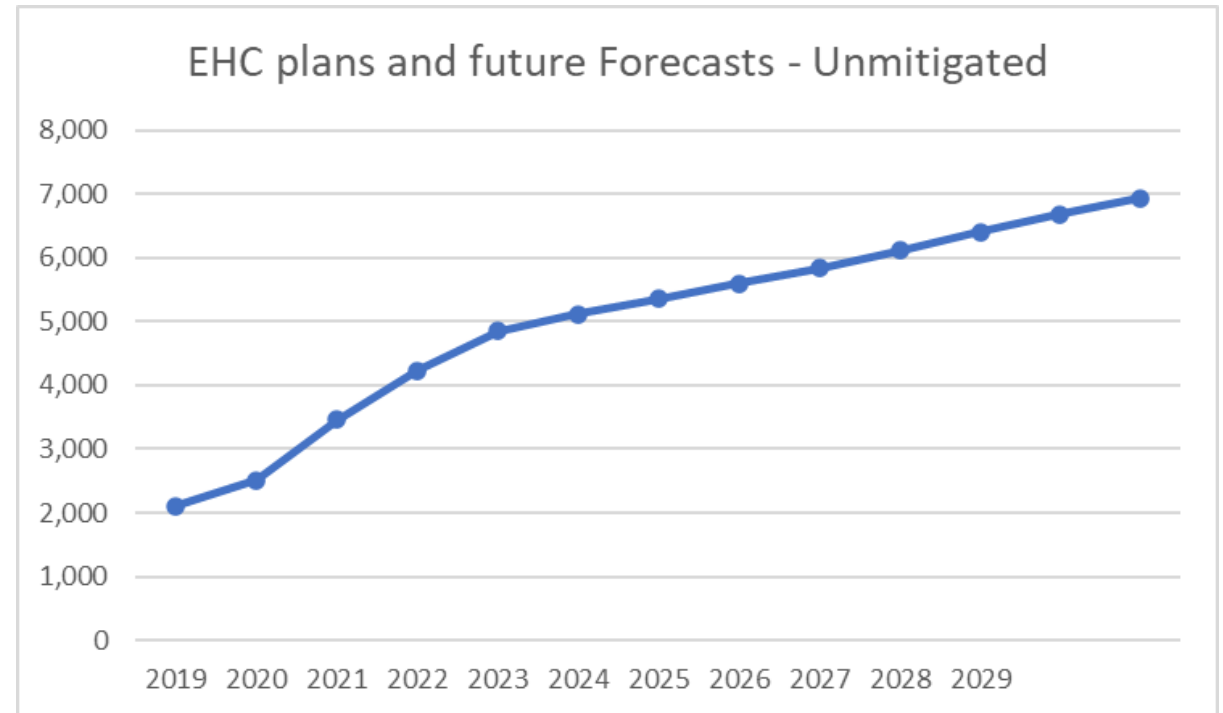
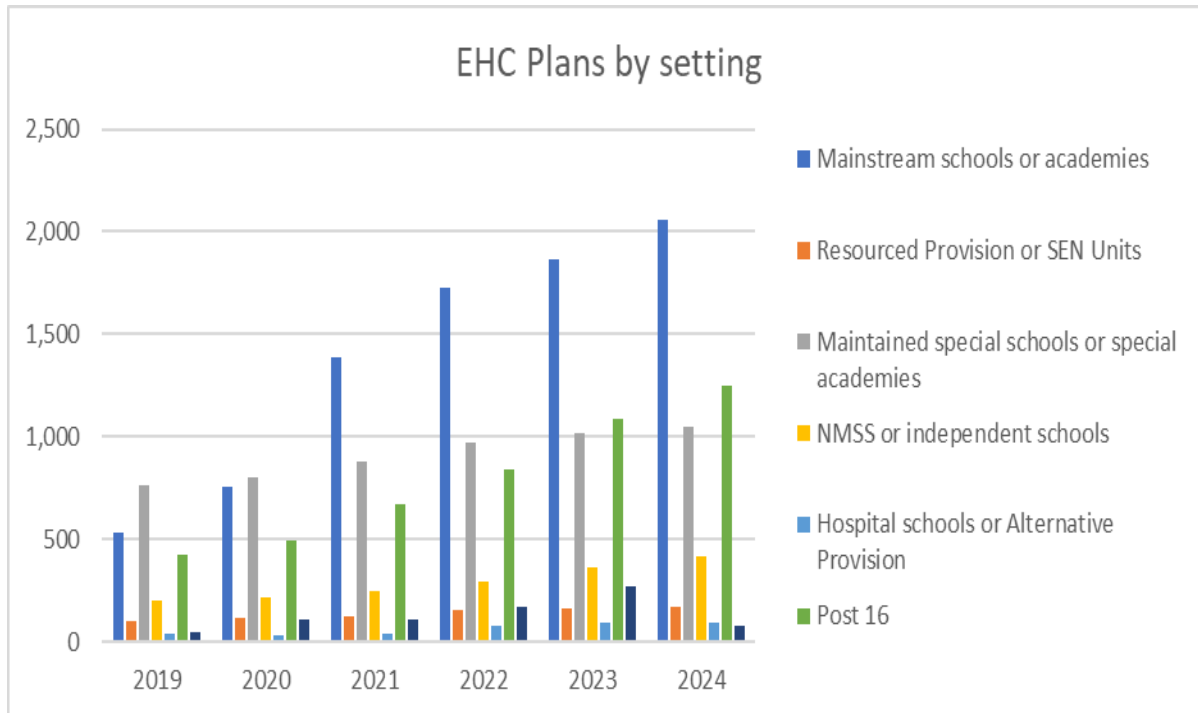
## HNB increase of £3.7m (4.4%) to £87.4m for 24/25

- Current year overspend is forecast at £15.6m
- DSG deficit at 31 March 24 is forecast at £37.6m
- Overspends on DSG blocks is a national problem
- Statutory override ends 31 March 2026
- Removal of this would result in a S114 notice for Somerset Council, along with most other upper tier councils nationally

# High Needs Block proposed budget

Category	2024/25 £m	2023/24 £m	Change A/(F) £m	2023/24 Month 10 £m
Special schools	24.6	22.3	2.3	22.1
INMS & Pre 16	32.8	25.9	6.9	31.1
Post 16	8.9	6.0	2.9	6.8
Mainstream	12.5	11.2	1.3	12.4
Pupil Referral Units	9.0	8.0	1.0	8.4
Autism Spectrum Disorder Bases	2.9	2.2	0.7	2.2
Advisory Services & Virtual School	3.8	3.9	(0.1)	3.6
SEN Transformation & Other Services	2.1	1.9	0.2	2.1
<b>Total</b>	<b>96.6</b>	<b>81.4</b>	<b>15.2</b>	<b>88.7</b>
Net funding after recoupment	77.7	75.7	2.0	73.5
<b>Forecast in-year deficit</b>	<b>18.9</b>	<b>5.7</b>	<b>13.2</b>	<b>15.2</b>

# EHC Plans



EHCP numbers have grown from 3,457 in January 2021 to 5,115 in January 2024, an increase of 48%.

# HNB Forecasted Spend and deficit - Unmitigated

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	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
	£m	£m	£m	£m	£m	£m
<b>Expenditure</b>	96.6	103.7	112.0	120.8	130.2	139.6
<b>Income</b>	(77.7)	(80.0)	(82.5)	(84.9)	(87.5)	(90.1)
<b>In Year Deficit</b>	18.9	23.7	29.5	35.8	42.8	49.5
<b>b/d Deficit</b>	37.6	56.5	80.1	109.6	145.5	188.2
<b>c/f Deficit</b>	56.5	80.1	109.6	145.5	188.2	237.7

# HNB Forecasted Spend and deficit - Mitigated

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
	£m	£m	£m	£m	£m	£m
<b>Expenditure</b>	96.6	95.8	92.3	92.0	93.4	94.9
<b>Income</b>	(77.7)	(80.0)	(82.5)	(84.9)	(87.5)	(90.1)
<b>In Year Deficit</b>	18.9	15.8	9.8	7.1	5.9	4.8
<b>b/d Deficit</b>	37.6	56.5	72.3	82.1	89.2	95.1
<b>c/f Deficit</b>	56.5	72.3	82.1	89.2	95.1	99.9

# Ability to mitigate

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Mitigating spiralling cost depends on:

- Reducing the length of time that plans are active by
  - taking effective action to reduce need so that plans can cease or need can be met with less costly support
  - avoiding new plans through better support for children, families, schools and settings
- Reducing the cost of existing placements (contract management)
- Meeting need in the most cost-effective placement

Note that SEND need in children is not always the same. Some children will have lifelong needs that cannot be resolved. Other children can experience crisis or escalation which can subside or be resolved.

# What is changing in the approach

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- Action has been underway to mitigate overspending for some time
- The DMP has the following new elements:

## **Tackling design issues**

A stronger system would remedy perverse financial incentives and define parameters for cost versus need

## **Universality**

Banding across all pupils, moderated for consistency, would provide a stronger basis for mediation and cost control

## **Devolving decision-making**

There is an appetite to increase the visibility of spending so that those with knowledge of children can optimise spending

## **Building consensus**

Conflict and concern escalates cost, change needs all stakeholders to have a shared view of the end goal



# DSG Management Plan - Mitigations

	Mitigation	Activities focused on
1	More trusting relationships	Tackling risk in the backlog of EHCP requests
2	Improved readiness for school	Increasing capacity on the ground to work with settings prior to transition into Reception
3	More effective mainstream capacity	Working more effectively across organisations on support for schools
4	Better transition out of KS4	Shift to focus on outcomes (for annual reviews and contracts), Supported Internship Agency
5	More maintained specialist capacity	Mainstream plus and sufficiency strategy
6	Stronger accountability for outcomes and efficiency	Reorganisation, governance and joint commissioning
7	Consistency of practice	Statutory process (EHCP and Schools causing concern)
8	Local decision-making	Localities

# Key risks and opportunities

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- The local authority is facing unprecedented financial challenges
- Other financial pressures, such as reductions in historic commitments, are creating risk around critical services
- Internal capacity to support change in education will be limited as there will be many calls on this resource
- However, the scale of the financial emergency potentially opens doors to more ambitious change and far-reaching reform
- Rethinking how we work in localities has potential to be broader in scale and more innovative as a result

# Next steps

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- This programme can only be delivered if all stakeholders are positively engaged and we can achieve consensus on priorities for change
- Education for Life projects (and other internal and external reviews) have identified priority areas for change
- Stakeholders are being invited to work on a series of facilitated workshops after Easter to rethink and redesign:
  - Structures
  - Funding
  - Processes
  - Governance

# Questions & Discussion

