

High Needs Funding Survey of ADCS Members

In September 2017, ADCS issued a survey to all directors of children's services in order to develop a better understanding of the pressures on high needs funding. The survey aimed to quantify the financial pressures on high needs budgets while also identifying the key contextual drivers creating the demand for high needs funding.

Four questions were asked of all 152 top-tier authorities in England and a total of 85 responses were received from local authorities across all 9 regions, representing a mixture of London boroughs, unitary and county councils. The questions were designed to provide an overview of current high needs spend, including any overspend, to understand how local authorities are balancing the high needs budget when there has been an overspend, and gauge what factors are driving the increasing demands on this particular budget.

High needs planned budget

Across the 85 local authorities who responded to the survey, the planned high needs block budget for 2016/17 was **£2.95 billion**.

As would be expected, the level of planned budget ranged significantly between authorities. A small unitary authority had the smallest planned budget of £2.285 million and a large county authority had the greatest planned budget of £182.2 million.

In response to this question, a number of local authorities stated that the high needs block dedicated schools grant (DSG) allocation was insufficient to meet local need therefore the planned budget was greater than that allocated by the Department for Education.

High needs actual spend

Across the 85 local authorities who responded to the survey, the actual high needs block spend for 2016/17 was **£3.08 billion**.

A small number of authorities (17) reported that their actual spend was within budget.

68 local authorities reported an overspend on the high needs block budget, this totalled **£139.5 million**.

Where a local authority had an overspend in the 2016/17 high needs block budget, they were asked to provide details of how this overspend was managed. Local authorities employed a range of measures to address the overspend, the three most common were:

- Utilising DSG reserves, as a result a number of local authorities reported that their DSG reserves are now either depleted or in deficit
- Transferring funding from the schools and early years block within the DSG
- Carrying the high needs block deficit forward into the current financial year

A number of local authorities have worked closely with their Schools Forum to agree how the overspend should be managed and medium term financial plans have been agreed. Due to the introduction on a national funding formula, a number of local authorities reported a lack of clarity as to how the financial plans will be implemented given the schools block will be ringfenced with minimal flexibility to transfer funds between blocks.

Pressures in the system

Local authorities were asked to provide details of the top three issues which are driving demand and cost pressures in the high needs budget at a local level. While ADCS members welcome the principles of the SEND reforms, the additional burdens introduced by the Children and Family Act 2014 remain unfunded and this is creating pressure for all local authorities.

Numbers of children with SEND

There has been a significant increase in the number of children with SEND who require high needs support due to:

- The extension of support to young people up to the age of 25. Statements previously lapsed at age 19 however under the reformed system, authorities are supporting a new cohort of young people aged 19-25 for which they have received no additional funding. This has resulted in the demand for both post 16 and post 19 support rising considerably. Some examples of this increasing demand were provided:
 - A large unitary council reported that prior to the SEND reforms, they would expect around 600 statements to lapse each year as young people reached 19. Under the new system, they now have 1,500 more statements/ EHC plans compared to three years ago.
 - A London Borough reported an increase from 1,800 statements to 2,500 statements/ EHC plans since the introduction of the new legislation, this is an increase of 39%
 - A small unitary council reported a rise from 693 statements in January 2014 to 1,038 statements/ EHCPs in September 2017, a rise of 50%.
- Early identification of additional needs, particularly in the early years, has also increased the size of the cohort of children who are receiving support.

Complexity of need

The needs of children with special educational needs and/ or disabilities are becoming more complex and this is driving increased financial pressures across the system. There is a shortage of local specialist educational provision to meet need, particularly in relation to ASD and SEMH, and this is resulting in increased specialist placements with independent providers, some of which are located outside of the local area. Local authorities are also seeing increased demands for top-up funding across all settings.

Inclusiveness of the system

There is a lack of capacity within mainstream settings to provide a graduated response to additional needs before turning to statutory processes. Many schools are facing financial pressures and do not have the capacity to provide additional support to students. Some respondents also cited the capacity of mainstream teaching staff to deal with the increasing complexity of children's needs. This is driving up the demand for more specialist education services as children with low level SEND who were previously attending mainstream schools are being educated in more specialist provision. This is coupled with an increase in the number of students being excluded and the need to provide costly alternative provision.

The SEND reforms

A number of responses to the survey cited particular aspects of the SEND reforms as the reason for increasing pressures in the high needs block. The most commonly cited reason has been mentioned above, the extension of support to cover children and young people aged 0-25.

The reforms have raised the expectations of children, young people and their families and there is an expectation that young people will stay in education until they reach 25. Clarity is needed on what constitutes education at post 16 and post 19. For example, one local authority cited large numbers of young people re-presenting at age 22-23 and large numbers of 19 year olds who wish to continue in education, often to repeat foundation level courses.

Parental requests for specific high cost placements and tribunal decisions to support parental preference are further driving demands on the high needs block.