

Children & Young People Overview and Scrutiny Committee

25th January 2024

SEND Analysis

Recommendation(s)

That Children & Young People Overview and Scrutiny committee:

1. Notes the update on the current financial position of the High Needs Block and the future demand and expenditure forecast from the High Needs Block for children and young people with SEND.
2. Endorses the four projects proposed in the Delivering Better Value grant application attached at Appendix 1
3. Considers and comments on developments since the public consultation on the local SEND Offer.

1. Executive Summary

- 1.1 The total number of children and young people with SEND in Warwickshire's state-funded schools is 15,575 (11,943 at SEN Support, 3,632 with an Education, Health and Care Plan (EHCP)). This is 17.4% of the school population. The total number of children and young people within Warwickshire with an EHCP from birth to 25 is 5,898 (as at Jan 2024). This represents an increase of 37% over the last five years.
- 1.2 All children with an EHC plan are funded through the High Needs Block. The High Needs Block is one of four 'blocks' within the Dedicated Schools Grant and funds provision for children with EHC plans. It also funds certain County Council services which support provision. It does not include administration (e.g., the cost of resourcing the SENDAR team) or SEN transport and other non-provision expenditure.
- 1.3 There has been increasing pressure on the High Needs Block driven by increasing numbers of children with EHC plans, higher costs per child across all settings, and increased numbers of children in specialist provision. At the end of October 2023, the forecast expenditure of High Needs Block funding (excluding place funding that goes directly to schools) was £95.3m. This is an £17.5m overspend against the allocated budget. As a result, the cumulative overspend at the end of 2023/24 is forecast at £32.5m. The Council must submit a Deficit Management Plan to the Department for Education (DfE).

- 1.4 Warwickshire is not alone in facing significant financial deficit in this area. 34 local authorities are currently in the 'Safety Valve' programme for those local authorities requiring 'very high deficit intervention', while Warwickshire is one of 55 local authorities that has taken part in the DfE Delivering Better Value (DBV) Programme. This is for local authorities with an overspend on their High Needs Block and has involved detailed scrutiny by the DfE's independent delivery partners. As part of this programme, a financial forecast has been made. It is estimated that there will be a cumulative deficit of £267m by 2028 without significant mitigation.
- 1.5 The local authority has submitted a grant application to the DfE for a maximum of £1m of transformation funding for one year to implement the four projects identified through the DBV programme. These are:
- Roll-out of the Inclusion Framework trial to two further families of schools (three in total) to improve SEN Support in schools.
 - A workforce development programme – to be designed with school leaders to maintain support and confidence for supporting children with EHC plans in mainstream schools.
 - Establishment of more SEND Resourced Provisions – as an additional level of provision and an alternative to specialist provisions where appropriate – increasing capacity from 233 places to 529 places by 2028.
 - Digital infrastructure – investment and development of the system supporting children with EHC plans to improve communication and confidence.
- 1.6 If these projects are implemented successfully and achieve the anticipated benefits, it is estimated that this will reduce the cumulative deficit to a best case of £152m deficit by 2028. Consequently, the financial cost of SEND provision and overspend on the High Needs Block is one of the highest financial risks to the Council.
- 1.7 In other measures to address the deficit, the Council (both at Member and Officer level) continues to lobby the DfE for sustainable funding. The Council also made a disapplication to the Secretary of State to move 0.5% of funding from the Schools Block to the High Needs Block for 2024/25 (approximately £2.2m) which has been approved (further explanation in section 5).
- 1.8 From December 2022 to March 2023, the Council consulted on a new core offer for children and young people with SEND. This included 10 statutory services, 11 existing non-statutory activities and 5 traded offers which the Council currently undertake. It was not proposed to reduce or change any of these services and that remains the case.

- 1.9 In addition, 7 new non-statutory activities were proposed. Whilst the proposals were broadly supported, the financial landscape is markedly different in January 2024 to that that existed when the consultation was launched, and committing to the new activities is not within the budget envelope available. In addition, work done as part of the DBV programme has considered and refined how to most effectively direct funding to those who require support. It is, therefore, proposed that the core offer activity is superseded by the four priorities in the DBV programme. In parallel, the Council is developing a new SEND & Inclusion Strategy that intends to identify other areas for improvement.

2. Outcomes for children and young people with SEND

- 2.1 There are a number of achievements by our children and young people with SEND to celebrate. Data is usually categorised by children with no SEND, children at SEND Support (no additional funding from local authority) and children with EHC plans (higher level need with additional resources).
- 2.2 Young people with SEND in Warwickshire achieved higher Attainment 8 scores (the measure to compare attainment scores at the end of Key Stage 4 when GCSEs are taken) than the national average. In 2022/23 provisional data shows our young people with an EHC plan achieved 15.5 at the end of the Key Stage 4 compared to national average of 14.0. Young people at SEND Support achieved 35.9 compared to a national average of 33.2. In both cases, Warwickshire was also above statistical neighbours. Warwickshire children with SEND also achieved higher than national average on Progress 8 scores (the measure to show the progress made since Year 7 to the end of Key Stage 4).
- 2.3 A lower percentage of 16–17-year-olds with SEND are Not in Education, Employment or Training (NEET). In Warwickshire the figure is 3.1% for those with an EHC plan, compared to national average and statistical neighbours both of which are at 7.8%.
- 2.4 The percentage of children with EHC plans in local mainstream settings has increased from 31.3% in 2021 to 34.1% in 2023 (a 2.8% increase).

There remain areas for improvement, however. For example, less children in Warwickshire with EHC plans make good progress at the end of the Early Years Foundation Stage (3.6%) than the national average (3.8%), although this gap has narrowed.

- 2.5 Attendance is a particular issue. In Autumn 2022, 7.6% of children in Warwickshire with an EHC plan were severely absent compared to 5.4% nationally. Further to this, the number of permanent exclusions of children with SEND has increased from 4 children in 2020/21 to 13 children in 2022/23.

3. Delivering Better Value Programme

3.1 In March 2023, the Government published the Special Educational Needs and Disabilities (SEND) and Alternative Provision (AP) Improvement Plan. It reflects on the current national system stating:

• Despite substantial additional investment, the system has become financially unsustainable. The government has increased investment in high needs by over 50% from 2019-20 to 2023-24, with no marked improvement in outcomes or experiences.

3.2 A key part of the national improvement plan was to run the Delivering Better Value (DBV) Programme for local authorities in financial deficit on their High Needs Block. The programme is defined as follows, '55 local areas which have opted to participate in the initiative are being supported to identify the highest impact changes that can be made to improve outcomes for children and young people with SEND, and to optimise the use of finances.' Warwickshire has been participating in the programme since Spring 2023 and in December 2023 submitted a grant application for £1m for transformation funding for one year (the maximum request).

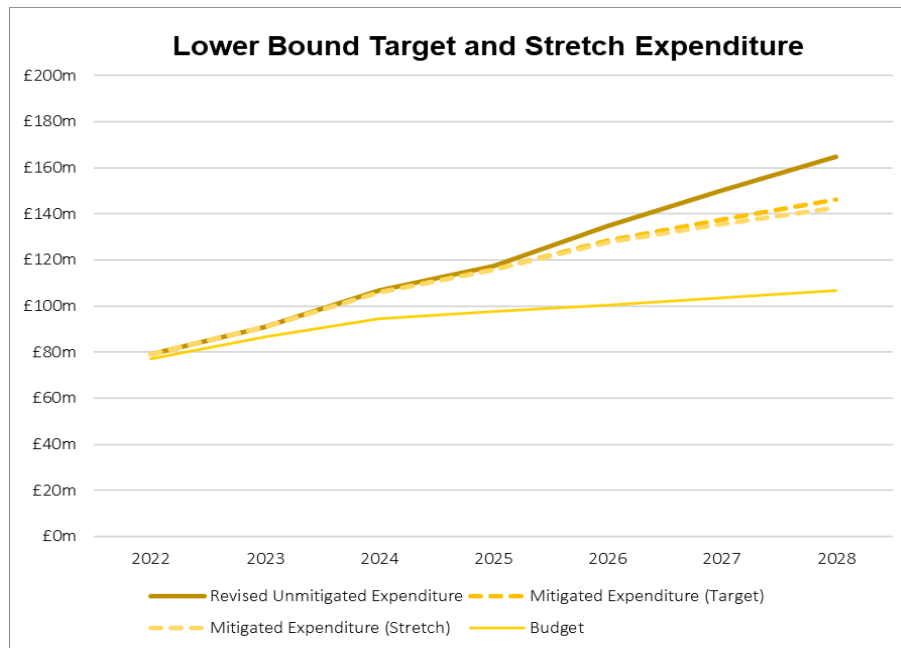
3.3 There was significant analysis of current High Needs Block spend in the analysis phase of the programme as well as a financial forecast.

3.4 In summary, the analysis of High Needs Block expenditure over six years showed that:

- Prior to 2023, increasing cost was driven by an increased caseload of children and young people with EHC plans, rather than a higher unit cost for supporting those children and young people.
- Warwickshire has a higher number of requests for EHC needs assessments per head of population compared to national averages.
- Warwickshire has a lower proportion with EHC plans in mainstream schools compared to other areas.
- Whilst Warwickshire has a higher percentage of children in specialist provision, costs are likely to increase exponentially due to state-funded specialist provision being fully utilised leading to increased cost of independent specialist provision.
- There remains a lack of parental confidence in mainstream school inclusion to meet their child's needs (e.g., based on reasonable adaptations not being made or negative communication experiences with schools).
- Through case reviews, it was considered that a significant proportion of children with EHC plans could be supported in SEND resourced provisions (based in mainstream schools) rather than special schools.

- Numbers of children in independent specialist provision had been declining until 2022/23
 - Unit costs had remained steady until 2023.
- 3.5 During 2023 there has been a significant increase in unit costs driven by inflationary costs being passed on by schools and other providers (e.g., pay, and overheads such as utilities) as well as increased use of higher cost providers when commissioning independent specialist provision. At period 8, there is a forecast £17.5m overspend against the allocated budget for 2023/24.
- 3.6 As part of the DBV programme a forecasting exercise to 2027/28 was also carried out. All local authorities follow a standard methodology for forecasting future spend on the High Needs Block based upon caseload, placement and duration.
- 3.7 The unmitigated forecast suggests that the number of children and young people with EHC plans will increase from 5,898 (Jan 2024) to 7,741 by 2028 on current trends. Due to an expectation of continued demand for specialist provision and the limited number of state special school places, the percentage placed in independent specialist provision is expected to rise to 11.3% (currently 6.1%). Were this to occur costs would rise to meet the additional need.
- 3.8 The forecast includes an upper bound and a lower bound. In order to reduce this, councils are asked to identify projects to mitigate the overspend with 'target' reduction and 'stretch' reduction. The Council submission has taken the lower bound of the unmitigated forecast as the forecast position and has set the 'target' level as its ambition. The impact of those bounds and targets is shown in the forecast tables at para 3.10 and 3.11 below.
- 3.9 There are existing mitigations already in place through the growth of the Warwickshire Academy (special school established in 2022), extensions to Oak Wood and Evergreen special schools and development of the supported internships offer. Further mitigations are set out below and these will form the basis of transformation projects going forward, as a successor to the SEND & Inclusion Change Programme which succeeded in reducing forecast spend across 2021-2023. All proposed changes remain within the current statutory framework.
- 3.10 The forecast below shows the 5-year forecast. In the lower bound target mitigated expenditure scenario, the impact of the programme will be to reduce annual expenditure from £165m to £146m in 2028 (reducing the overspend from £58m to £39m in year).

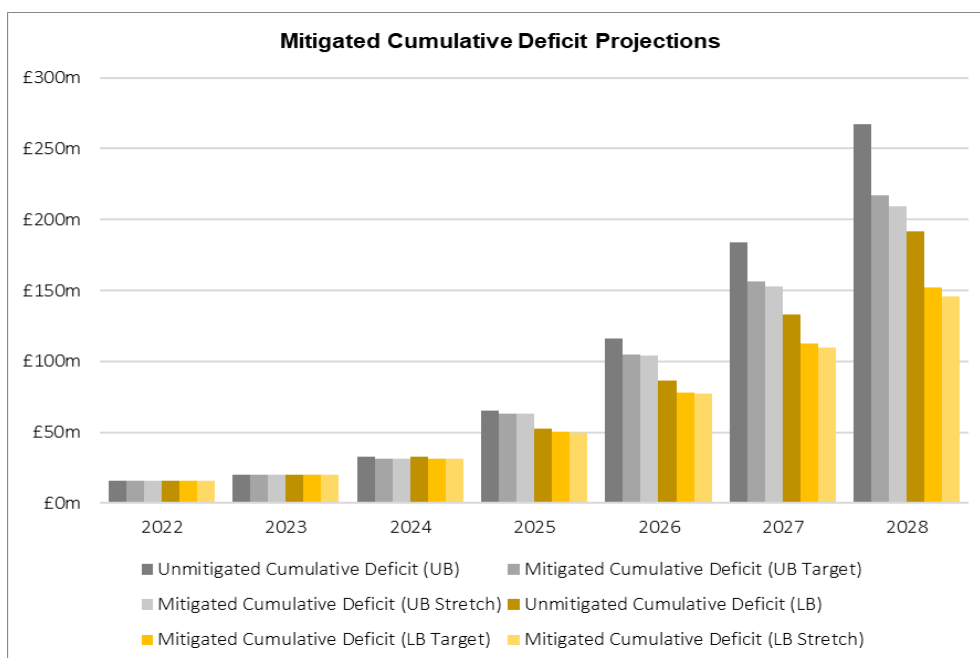
The total value of annual benefit at steady state will be £16m-£22m, with a FY 27/28 HNB overspend of £39m in the Target Lower Bound scenario.



Year End	2022	2023	2024	2025	2026	2027	2028
LB Unmitigated Expenditure	£ 79m	£ 91m	£ 107m	£ 118m	£ 135m	£ 150m	£ 165m
LB Target Mitigated Expenditure	£ 79m	£ 91m	£ 106m	£ 116m	£ 128m	£ 138m	£ 146m
LB Stretch Mitigated Expenditure	£ 79m	£ 91m	£ 106m	£ 116m	£ 128m	£ 136m	£ 143m
Forecasted Budget (3% growth after 23/24)	£ 76m	£ 86m	£ 95m	£ 98m	£ 100m	£ 103m	£ 107m

3.11 As the forecast demonstrates that the High Needs Block is not expected to balance, the cumulative deficit is forecast to increase. In the unmitigated scenario, this is a £267m deficit by 2028. In the lower bound target mitigated scenario this is a £152m deficit by 2028.

5 Year cumulative benefit by 2027/28 will be £39.5m-£45.7m in the Lower Bound, and £50.1m - £57.8m in the Upper Bound



Year End	2022	2023	2024	2025	2026	2027	2028
UB Unmitigated Deficit*	£ 16m	£ 20m	£ 33m	£ 65m	£ 116m	£ 184m	£ 267m
UB Target Mitigated Deficit*	£ 16m	£ 20m	£ 32m	£ 63m	£ 105m	£ 156m	£ 217m
UB Stretch Mitigated Deficit*	£ 16m	£ 20m	£ 32m	£ 63m	£ 104m	£ 153m	£ 209m
LB Unmitigated Deficit*	£ 16m	£ 20m	£ 33m	£ 53m	£ 87m	£ 133m	£ 191m
LB Target Mitigated Deficit*	£ 16m	£ 20m	£ 32m	£ 50m	£ 78m	£ 112m	£ 152m
LB Stretch Mitigated Deficit*	£ 16m	£ 20m	£ 32m	£ 50m	£ 77m	£ 110m	£ 146m

3.12 Whilst information regarding other local authorities in the programmes is not disclosed, a report in a weekly educational journal reported that 22 local authorities ahead of Warwickshire in the DBV Programme forecast deficits ranging from £10m to £560m.

3.13 Through consultation with stakeholders four projects have been identified for use of grant funding:

- Roll-out of the Inclusion Framework trial to two further families of schools (three in total) to improve SEN Support in schools.
- A workforce development programme – to be designed with school leaders to maintain support and confidence for supporting children with EHC plans in mainstream schools.
- Establishment of more SEND Resourced Provisions – as an additional level of provision and an alternative to specialist provisions where appropriate – increasing capacity from 233 places to 529 places by 2028.
- Digital infrastructure – investment and development of the system supporting children with EHC plans to improve communication and confidence.

3.14 It is expected that collectively, these four projects will deliver cost avoidance of £39m by 2027/28 (£191m-£152m) based on impact the growth in EHC plans, a further increase in the percentage of children with EHC plans attending mainstream schools and an increased use of SEND resourced provision.

4. SEND Offer Consultation

4.1 Warwickshire currently provide a range of services through a number of teams including the Educational Psychological Service, Specialist Teaching Service, Flexible Learning Team, Educational Entitlement Team, Integrated Disability Service and SENDAR.

4.2 As part of the SEND & Inclusion Change Programme, the Council carried out a series of external service reviews across SEND & Inclusion. These were completed in December 2021. Following those reviews, the service manager developed a proposed service offer consisting of a statutory offer, core (non-statutory) offer and traded offer. The core offer was put out to public consultation. The core offer included 18 activities, 11 of which existed and 7 of which were new proposals.

4.3 A public consultation exercise took place between December 2022 and March 2023 with a particular focus on the 'core' offer. There were 310 responses to the public consultation, which have all been analysed.

4.4 Whilst the feedback from the public consultation was positive, there were comments regarding financial affordability:

- *“How will it be funded?”*
- *“I think the proposed offer looks great on paper, but I am concerned with the lack of funding that schools get for SEND children. It’s all well and good proposing these changes and they have the potential to make such a positive impact on children but it must be funded correctly to enable schools to deliver it.”*
- *“Everything needs to be funded properly. Schools need to be able to access these services without budget considerations. All too often currently, they will side-line or cut short interventions because it costs them money.”*

4.5 Since the public consultation:

- The in-year forecast on funded by the High Needs Block SEND Services has increased significantly (as noted above).
- A five-year forecast on the Delivering Better Value Programme expects the overspend to increase significantly (as noted above).
- The number of requests for statutory assessments has increased creating capacity pressures on the Educational Psychology Service (a key resource to implement the proposed core offer).
- The broader financial landscape within which the Council has changed.
- The cost of staff and overheads has increased with higher inflationary costs being seen.
- Audit and Standards Committee has raised concerns of the future financial risk and commitments regarding SEND commissioning and services.

4.6 As a result of a more challenging financial landscape and the upcoming revision of the SEND & Inclusion Strategy, the financial implications of implementing the additional elements of the proposed Service Offer have been considered further. It is proposed that a different approach is taken focussing on the continuation of existing non-statutory activities, and to focus new activity on the four projects in the Delivering Better Value (DBV) programme rather than those in the 2022 consultation. There are areas of overlap (e.g., both sets of proposals include developing skills in the school’s workforce and maximising the expertise of educational psychologists and

specialist teachers), but the DBV projects are considered more deliverable within the current constraints.

- 4.7 This approach supports the timetable for refresh of the Council's SEND & Inclusion Strategy which will take place in 2024, and which will establish a broader focus on quality and joint working.

5. Financial Implications

- 5.1 As noted above, the Council continues to make representations for sustainable funding for the High Needs Block. The Council has previously maintained an offset reserve for the overspend in the High Needs Block. However, in December 2023, Cabinet agreed that based on affordability grounds, no further contributions should be made from Council Tax funding to offset overspend on the High Needs Block after the 2024/25 financial year. Therefore, it is imperative that work continues to mitigate the cost of delivering support for SEND and to improve efficiencies.
- 5.2 The DBV programme, if approved by the DfE, will take forward the four projects of Inclusion Framework, Workforce Development, Resourced Provisions and Digital Infrastructure to deliver the cost improvements explained above and will be closely monitored. The funding applied for will support these projects.
- 5.3 As explained above, funding for SEND and Education more generally is closely controlled, and ring fenced into blocks for delivery of specified activity. Whilst there is the opportunity for Schools Forum to agree a move of 0.5% (approximately £2.2m) from the Schools Block to the High Needs Block to support provision this requires the consent of Schools Forum. This was agreed by Schools Forum for 2021/22 and 2022/23. It was not agreed for 2023/24 or 2024/25. In both these years, the move impacted on school budgets. Consequently, the Council made an application to the Secretary of State following the decision for 2024/25, known as a disapplication, to enable the fund transfer to take place despite the decision of Schools Forum. This disapplication has been approved and the 0.5% move will now take place.

6. Environmental Implications

- 6.1 There are no environmental implications arising directly from this report. Environmental implications will clearly occur where the Council seeks to build new schools or extensions to existing schools as part of the Capital Programme. These will be explored and assessed within the decision making and approval processes for each capital project.
- 6.2 In addition to this, when children are unable to attend their local school and must travel across the county or into other local authorities for specialist provision, then there are both environmental and financial implications.

7. Timescales associated with the decision and next steps.

7.1 The Delivering Better Value programme, if approved by DfE, will run April 2024 to March 2025.

Appendices

1. Summary of Proposed Projects in Delivering Better Value Grant Application

Background Papers

- SEND Funding, Audit and Standards Committee on 30 November.

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The report was circulated to the following members prior to publication:

Local Member(s): n/a county wide report

Other members: