

## Schools Forum

17<sup>th</sup> November 2020

### High Needs Update

#### Introduction / Background

1. To provide Schools Forum with an update on the financial position for High Needs factoring in the latest funding announcements.

#### Spending Pressures

2. The school budget monitoring report presented to the Forum on the 6<sup>th</sup> October showed in year net pressures on the school's budget of £1.313m. The majority of the pressures presented (£1.144m) relate specifically to high needs budgets. These pressures mean that the estimated cumulative **deficit on the DSG will rise to £5.737m** by the end of 2020/21.
3. The Schools Budget for 2020-21, as presented to Schools Forum on 21<sup>st</sup> January 2020, included a number of strategies in the current HN Deficit Recovery Plan specifically intended to reduce the deficit in 2020-21. Unfortunately, current circumstances in relation to Covid-19 have meant some of these savings are unlikely to be achieved in year.
4. The latest High Needs pressures relate mainly to the following:-
  - a. Additional funding provided relating to one terms delay in implementing new staffing structure at Bishopton Centre due to Covid-19.
  - b. Projected savings identified in the HN deficit recovery plan relating to planned partnership working between special and mainstream schools for children with complex needs / physical disability are unlikely to materialise. Also, additional income targeted from improved joint commissioning / continuing care arrangements also specified in the recovery plan is unlikely to be achieved. These have been delayed because of the current position with Covid-19.
  - c. Projected savings identified in the HN deficit recovery plan relating to the reduction in growth of independent special school provision by creating ASD capacity in the Borough is not likely to materialise this year. Again, this has been delayed because of the current position with Covid-19. There has also been an increase in agency placements within the non-maintained and independent providers sector have increased costs.

## High Needs Funding 2021/22

5. Nationally high needs funding is increasing by a further £730m, or 10%, in 2021-22 – that follows the £780m increase this year and brings the total high needs budget to over £8bn. The high needs NFF will ensure that every local authority receives an increase of at least 8% per head of population.
6. It is anticipated that Stockton's share of the national increase will be £3.484m for 2021/22.
7. For 2021-22, DfE have incorporated the teachers' pay grant and the teachers' pension employer contribution grant amounts within the formula by increasing the basic entitlement factor value to £4,660 for special schools, and through an additional factor in the formula that will enable local authorities to receive funding equivalent to the teachers' pay and pension grant they will receive in 2020-21 for AP settings. For Stockton this is estimated to be £465k which is included within the £3.484m noted in paragraph 6 above and we are required to passport this to relevant settings.
8. The High Needs budget announcements only refer to one year's funding for 2021/22 and looks no further ahead.

## High Needs Position

9. The current high needs medium term financial plan is attached at Appendix 1. The figures which exclude any assumed block transfer show that high needs expenditure is expected to rise from £30.6m in 2021/22 to £32.3m by the end of 2023/24 and increase of 5.6%. As noted in section 7 and 8 additional funds have been allocated nationally for high needs for 2021/22 which will be utilised to offset these rising costs and also help to reduce the deficit, but this alone will not result in a balanced budget.
10. Before taking account of the additional £3.484m (which includes the teacher's pay and pension grants that have been rolled into the formula) funding in 2021/22 there will be a funding gap of £2.9m in that year, £205k gap in 2022/23 and £1.1m in 2023/24. Over the last couple of years deficit recovery plans have been presented to the School Forums and actions from these plans are being put into place. Appendix 1 identifies a number areas where it is anticipated that these actions will generate savings. Savings of £670k are anticipated in 2021/22, £1.4m in 2022/23 and £2m in 2023/24.
11. After taking account of the additional funding nationally and the projected savings the deficit on the DSG will reduce down from an estimated £5.737m at the end of 2020/21 to £1.770m at the end of 2023/24.
12. The Local Authority has a corporate and strategic duty to address the deficit position and pressures on the High Needs budget. Whilst a number of proposals are being progressed to address this, these proposals will not fully address the deficit and further actions will be required over the next

few years. Any accumulated overspend on the High Needs budget will be required to be repaid from future High Needs funding allocations.

13. The current projections indicate a continued increasing demand for High Needs support and services and so against this background, and in order to mitigate the impact of current forecast deficit, the LA was of the view that it was necessary to consult with relevant schools on the proposal to transfer £687k (0.5%) from the schools block into high needs in 2021/22. The consultation commenced on the 22<sup>nd</sup> of October and ran through to the 10<sup>th</sup> November. The results are being presented in a separate report to the Forum at today's meeting to vote on this proposal.

### High Needs Addressing the Position

14. Within the Operational Guidance, DfE lists the expected evidence that will be presented to Schools Forum to enable a decision on transfer to take place. This information is explained in the following paragraphs.
15. Due to the ongoing pressures within high needs the authority with the support of the Schools Forum has agreed previous block transfers as detailed below;

2018/19	0.5%	£0.6m
2019/20	1.1%	£1.4m
2020/21	0.5%	£0.66m

As the 2019/20 block transfer request was above the 0.5% limit for approval at the Forum a disapplication request was submitted to and approved by the secretary of State. These have proved insufficient to counter the significant cost pressures being experienced from the key drivers as presented in the table below.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Education, Health and Care Plans	929	1049	1193	1328	1452	1548
Permanent Exclusions	17	18	35	43	56	NA
Non Statutory SEN	N/A	N/A	N/A	380	384	493

The underlying reasons for the pressures have been explained in previous reports to the Forum but actions to address these have been significantly impacted by Covid 19 as mentioned in paragraphs 3 and 4 above.

16. A breakdown of the specific pressures over four years (including the 2020/21 estimate) that have led to the requirement for a transfer are shown in the table below:-

High Needs Spend					
	Actual			Projection	
	2017/18	2018/19	2019/20	2020/21	% change on 2017/18
<b>Top-ups</b>					
Mainstream schools - pre-16	2,726,006	2,937,218	3,209,054	3,301,243	21.1%
Special Academies	3,618,953	3,470,586	3,604,023	3,667,189	1.3%
AP (incl. PRU / Exclusions / Therapies / PDC's)	1,109,729	1,340,149	1,502,059	1,917,365	72.8%
Early Yrs PVI	153,713	147,834	254,914	276,510	79.9%
Post-16	1,912,381	1,776,009	1,843,321	1,957,000	2.3%
	<b>9,520,782</b>	<b>9,671,796</b>	<b>10,413,371</b>	<b>11,119,308</b>	
<b>Place funding*</b>	9,992,167	9,228,201	9,112,789	8,750,782	-12.4%
Agency Placements	2,920,892	2,806,287	4,298,657	4,935,837	69.0%
Other out of area placements	1,498,823	1,452,022	1,209,891	1,349,665	-10.0%
SEN Support**	2,086,290	2,104,788	2,118,633	2,166,000	3.8%
Support for Inclusion	345,000	345,000	344,993	345,000	0.0%
Recoupment of FE places	774,000	828,000	940,000	1,146,000	48.1%
<b>Total HN Expenditure</b>	<b>27,137,954</b>	<b>26,436,094</b>	<b>28,438,334</b>	<b>29,812,592</b>	<b>9.9%</b>
	-	-	-	-	
<b>* HN Funding</b>	24,616,954	24,318,377	24,659,138	27,750,907	
Transfer from Schools Block	387,000	617,000	1,400,000	668,684	
Other DSG savings	721,400	336,598	532,069	80,000	
<b>In-Year overspend</b>	<b>1,412,600</b>	<b>1,164,120</b>	<b>1,847,126</b>	<b>1,313,000</b>	
	-	-	-	-	
<b>Cumulative Deficit</b>			<b>4,423,846</b>	<b>5,736,846</b>	
			-	-	
<b>Notes</b>					
* In 2018/19 the ESFA transferred £1.2m from the High Needs Block into the Schools Block. This represented £4k of the £10k place funding for each pupil in a school SEN Resource Base reflecting the National Funding changes.					
** SEN Support - This includes the costs of non-delegated centrally retained specialist SEN support services for pupils with or without EHC plans (including Early Support Nursery, services for Visual and Hearing Impairment etc.).					

17. To address the situation a number of measures to reduce expenditure are being undertaken. These actions are being overseen by the SEND Core Group whose role is to lead the development and delivery of work packages, identify opportunities, understand problems and solutions to them, pre-empt risks and unblock them.

18. The Appendix to the report notes a number of actions including the following;

- a) Enhanced Maintained Schools (EMS) continue to evolve, to support provision for children locally and reduce pressure on more specialist placements.
- b) Mapping exercise (based on historical SEND data) of future needs across next 3 years to inform Post 16 pathways. This will help to establish a wide variety of aspirational destinations which meet the needs and aspirations of the young person in future cohorts whilst also preparing them for adulthood.
- c) Reduction in Out Of Area/Independent Special School Placements
- d) Free School Bid now in stage of development for the Tees Valley Free School which will reduce the number of children requiring much higher cost independent special school provision (SEMH/ASD).

- e) Pathway Development Centre places commissioned to promote opportunities for continued supported mainstream placement after a Permanent Exclusion

19. There are a number of measures that are coming on stream or have already come on stream from September looking at exclusions / inclusions including;

- a) Pathway Development Centre for KS3 (which will have a part time school commissioned assessment place offer in the planning) mainstream focus.
- b) Alternative Provision Framework has been developed, bids received and framework drawn up Autumn Term 2020
- c) BOSS – Ladders of Intervention Tees Valley Combined Authority funding – staffing has been appointed and 2 of the pilot schools have begun implementation Autumn 2020
- d) De-delegated behaviour support has had a redesign that has been coproduced with maintained mainstream Headteachers with a menu of services available

20. In addition to the above the Local Authority is pursuing developments in;

- a) Joint commissioning services to provide the provision outlined in children and young people's EHCPs
- b) Central support services to enable upskilling of staff in schools and settings in the Local Area.
- c) New co-produced EHCP format includes additional fields looking at aspiration and independence.
- d) Valuing SEND tool and methodology – there will be multiple benefits with ongoing workstreams relating to the implementation of Valuing SEND. Examples of this are identifying individual's needs more accurately, developing provision (and knowledge) to meet those needs and building better outcomes for children and young people for the future.

21. Partnership working between the Local Authority and those institutions offering special and alternative provision, parents and neighbouring authorities are going to be key to successfully achieving objectives set out above.

22. As mentioned above there are a number of key partnerships already in place helping to achieve the objects including, the successful joint bid with neighbouring authorities for a Tees Valley Special Free School, the expansion of capacity for specialist placements in the borough working with Academies and the independent sector and developing contracting arrangements for new Pathway Development Centres for alternative provision. Also the BOSS initiative with the Tees Valley Combined Authority and Partner school has begun implementation and we also have the VSEND work and joint commissioning with Health.

23. A point to note is that contributions from Health & Social Care are made to support placements. These are agreed at multi-agency panel meetings when specialist provision is needed. Details provided in the table below;

	<b>Health &amp; Children Social Care</b>
Education agency placements - 2019/20 Actual	£2,773,000
Education agency placements - 2020/21 Forecast	£2,363,000

## **Risk**

24. There are a number of financial risks around the delivery of the recovery plan including:-

- a) Growth is greater than anticipated.
- b) Specific issues around achieving potential savings especially due to the impact of Covid 19.
- c) Planned funding does not materialise e.g. Transfer from Schools Block.
- d) Additional high needs funding only approved for one year only.
- e) Reducing existing levels of high needs spend involves significant challenges and also depends on the shared commitment of all Stakeholders. This also need to be viewed in the current national context of increased expectations.

## **Recommendation**

25. The Schools Forum note the report.

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