

**AGENDA ITEM 6**

**REPORT TO  
SCHOOLS FORUM**

**28 JUNE 2022**

**HIGH NEEDS UPDATE REPORT**

**SUMMARY**

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

**RECOMMENDATION**

1. It is recommended that Schools Forum notes the report.

**SPENDING PRESSURES**

2. The school budget outturn report also presented to the Forum at today's meeting showed that there was a saving on expenditure against the Dedicated Schools Grant (DSG) budget by £0.571m during the 2021/22 financial year. This saving meant that the overall cumulative **deficit on the DSG had reduced to £5.480m** at the end of 2021/22.
3. Notwithstanding the above the authority had actually budgeted £1.287m as a contribution to the overall DSG deficit. Therefore there was shortfall of £0.716m against the planned deficit reduction.
4. As noted in the Outturn report presented to this meeting the main reason for this shortfall was that expenditure within the High Needs Block **exceed budget by £1.047m** during the year.
5. High Needs pressures in 2021/22 have related mainly to the following:-
  - a. Continuing increase in the number of Agency placements
  - b. Additional top-ups, placement costs and one-off funding for pupils in SBC Special Academies (Although this investment in local places should see a reduction in higher cost out of area placements in the medium to long term).
  - c. Mitigations relating to increasing Joint Commissioning and associated Health Funding contributions have not been met.
  - d. Increase in the number of pupils staying on to Post-16 / Post-19.

## HIGH NEEDS FUNDING 2022/23

6. The Forum was provided with High Needs funding and budgets in the Schools Budget Report in January 2022. Since then there have been no new funding announcements in relation to High Needs.

## HIGH NEEDS POSITION

7. The current high needs medium term financial plan is attached at **Appendix 1**. The figures which exclude any assumed future block transfer show that high needs expenditure is expected to rise from £31.969m in 2021/22 (see table in paragraph 20) to £34.814m in 2022/23, then increase to £35.644m by the end of 2023/24 and then up to £36.175m by the end of 2024/25.
8. Detailed forecasting work continues to be undertaken and over the coming months the High Needs Medium Term Financial Plan will be updated to reflect the outturn variations in spending during 2021/22. All aspects of this plan will be reviewed including
  - past trends,
  - the current budgetary control position,
  - increase in placement numbers,
  - inflationary increases,
  - changing service requirements,
  - current and future contract requirements,
  - latest funding announcements.
9. As noted in paragraph 4, High Needs actually overspent during 2021/22 by £1.047m so this need to be fully analysed and any pressures need to be incorporated into the High Needs MTFP.
10. Therefore based on the current MTFP forecasts presented in Appendix 1 it is estimated that there will be a funding surplus of £1.701m in 2022/23, £1.902m surplus in 2023/24 and £2.494m in 2024/25. These surpluses will be utilised to reduce the current DSG deficit.
11. After taking account of the previously announced national funding allocations and the projected expenditure plans the estimated deficit on the DSG will reduce from £5.480m at the end of 2021/22 to £3.779m at the end of 2022/23, reduce further to £1.877m at the end of 2023/24 and it is estimated that the DSG deficit will be eradicated by the end of 2024/25.
12. The Local Authority has a corporate and strategic duty to address the deficit position and pressures on the High Needs budget. Any additional funding is welcome and based on the current estimated expenditure plans this seems to address the significant pressures the service has faced over the last few years although there are still risks across the medium term from increased service requirements.

13. As a reminder any future accumulated overspend on the High Needs budget will be required to be repaid from future High Needs funding allocations.

### **SAFETY VALVE' INTERVENTION PROGRAMME 2022-23 FOR LOCAL AUTHORITIES.**

14. The Government began the safety valve intervention programme in 2020-21, targeting the local authorities with the highest DSG deficits. The programme requires local authorities to develop substantial plans for reform to their high needs systems, with support and challenge from the department's expert team, to rapidly place local authorities on a sustainable footing. If a local authority can demonstrate sufficiently that their DSG management plan creates lasting sustainability, including reaching an in year balance as quickly as possible, then the department will enter into an agreement with the authority (subject to Ministerial approval).
15. Through that agreement, the local authority is held to account for the delivery of their reforms and savings targets via regular reporting to the department. Contingent on delivery of the reforms set out in the agreement, the department will help the local authority with additional funding over time to contribute to eliminating the historic deficit.
16. The Government are expanding the programme in 2022-23 to work with a larger cohort of local authorities. Stockton has been selected to take part in the second round of the intervention programme, which will begin in September 2022 but an initial meeting has already taken place with the Government and the Director of Children's Services and Director of Finance, Development and Regeneration and Deputy Managing Director of the Council.
17. A formal invitation and further detail about the programme and timelines will be provided but in the meantime the Government expects the Council to prioritise the development of our DSG management plan. The Education Skills Funding Agency (ESFA) will be in touch to request our latest DSG management plan for review in the coming months. This review will support and prepare Stockton for the subsequent safety valve intervention programme.
18. To aid support to this programme and as part of the arrangements that are being put in place internally around development of all aspects of children's revenue/capital MTFP a High Needs Group has been established. The Group is made up of Senior Officers from Children's Services, SEN and Finance.

## HIGH NEEDS - ADDRESSING THE POSITION

19. 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;

2019/20	1.1%	£1.400m
2020/21	0.5%	£0.669m
2021/22	0.5%	£0.698m
2022/23	0.5%	£0.752m

During these years these transfers have still proved insufficient to counter the significant cost pressures being experienced from the key drivers as presented in the table below.

	2018/19	2019/20	2020/21	2021/22
Education, Health and Care Plans	1452	1548	1798	1881
Permanent Exclusions	56	58	33	38
Non Statutory SEN (with top-up)	384	493	428	374

20. A breakdown of the specific pressures over four years that have led to the requirement for a transfer are shown in the table below:-

High Needs Spend					
	Actual				
	2018/19	2019/20	2020/21	2021/22	% change on 2018/19
<b>Top-ups</b>					
Mainstream schools - pre-16	2,992,111	3,255,127	3,737,135	3,647,929	21.9%
Special Academies	3,470,586	3,604,023	3,693,872	4,769,160	37.4%
AP (incl. PRU / Exclusions / Therapies / PDC's)	1,710,834	1,886,302	2,298,352	1,747,011	2.1%
Early Yrs PVI	147,834	254,914	203,279	206,185	39.5%
Post-16	1,776,009	1,843,321	2,183,714	1,961,573	10.4%
	<b>10,097,375</b>	<b>10,843,687</b>	<b>12,116,352</b>	<b>12,331,857</b>	
<b>Place funding</b>					
Place funding	9,228,201	9,112,784	8,750,782	8,840,708	-4.2%
Agency Placements	2,806,287	4,298,657	5,106,361	5,425,872	93.3%
Other out of area placements	1,452,022	1,209,891	1,714,765	1,451,463	0.0%
SEN Support**	1,763,217	1,787,051	1,725,771	2,332,259	32.3%
Support for Inclusion	344,993	344,993	344,993	344,993	0.0%
Recoupment of FE places	828,000	940,000	1,146,000	1,242,000	50.0%
<b>Total HN Expenditure</b>	<b>26,520,094</b>	<b>28,537,064</b>	<b>30,905,024</b>	<b>31,969,152</b>	<b>20.5%</b>
	-	-	-	-	
<b>HN Funding</b>					
HN Funding	24,318,377	24,659,138	27,744,907	31,391,226	
Transfer from Schools Block	617,000	1,400,000	668,684	698,073	
Early Yrs SEN Inclusion Fund	120,000	120,000	120,000	120,000	
Other DSG savings	300,598	510,799	743,686	331,195	
<b>In-Year overspend /(saving)</b>	<b>1,164,120</b>	<b>1,847,126</b>	<b>1,627,747</b>	<b>(571,342)</b>	
	-				
<b>Cumulative Deficit</b>		<b>4,423,846</b>	<b>6,051,593</b>	<b>5,480,251</b>	
		-	-	-	
<b>Notes</b>					
** 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.).					

21. To address the situation a number of measures to reduce expenditure are being undertaken including the following;

- a) Enhanced Maintained Schools (EMS) continue to evolve, to support provision for children locally and reduce pressure on more specialist placements. These centres of excellence provide peer outreach to other settings to assist in growing capacity to meet needs when they first present.
- b) A Mapping exercise is underway based on historical SEND data (3 calendar years). This will assist the Local Area to 'predict' a wide range of future needs with the required provision to meet need. Once our methodology becomes embedded in the way we work future training/early identification of gaps in available provision should be able to be developed to fill those gaps. Training and capacity building is already underway and this will be able to be focussed on the areas of greatest need/future predicted cost..
- c) Reduction in Out Of Area/Independent Special School Placements through the development of 'In Borough' provision.
- d) Tees Valley Free School which will reduce the number of children requiring much higher cost independent special school provision (SEMH/ASD) will complete and be operational from Autumn 2023. It is a Sponsored academy secured with River Tees Multi Academy Trust. Stockton LA are heavily involved in the planning and appointment of key staff (Principal has been appointed).
- e) Pathway Development Centre places commissioned to promote opportunities for continued supported mainstream placement after a Permanent Exclusion have been very successful in primary. The LA is currently out to commission additional primary PDC's.
- f) Commissioning of ASD outreach service (NEAS) to enable advice support and guidance to be available as soon as needs are identified.

22. 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 Centres for KS3 (which will have a part time school commissioned assessment place offer in the planning) mainstream focus. Whilst some of the primary phase PDC placements have been commissioned in 3 schools there have been no bids for the rest of the KS1/2 places or the KS3 PDC places despite this being out to tender a number of times this academic year. Schools will be invited to work with service leads to redevelop the specification.
- b) Alternative Provision Framework has been developed, bids received and framework drawn up Autumn Term 2020 is now in place and shared with schools to be able to use.
- c) BOSS – Ladders of Intervention Tees Valley Combined Authority funding – staffing appointed and 2 of the pilot schools have begun implementation Autumn 2020.

- d) De-delegated behaviour support has had a redesign that has been co-produced with maintained mainstream Headteachers with a menu of services available. This has been very popular with maintained schools and is now available for all schools and settings (SEMH offer).
- e) Expansion of places at our local special academies have been pursued through a variety of solutions. Additional building work to provide more classrooms, satellite hubs in local mainstream schools (this has been successful for Abbey Hill and North Shore for some time, the LA are seeking to replicate this with Ash Trees in the near future).
- f) Kiora Hall school development has now been agreed. NEAS are investing funding into considerable building work at Kiora Hall with the first children placed from September 2022.

23. 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 which ties in with the implementation of Valuing SEND across all aspects of SEN (SEN support and EHCP)
- c) New co-produced EHCP format includes additional fields looking at aspiration and independence. Schools and settings are following a roll out of Person Centred Planning training and development into the new school year.

24. 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.

25. As mentioned above there are a number of key partnerships already in place helping to achieve the objectives 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.

26. Tribunals are increasing nationally, the numbers of EHCPs are rising nationally, children and young people are keeping EHCPs longer nationally and this is mirrored in Stockton. The Local Authority and the CCG are committed to meeting the needs of children and young people effectively (ref SEND Strategy 2021) to improve outcomes and promote successful lives now and in the future. We are also committed to developing local provision to meet the needs of children and young people 0-25. We will continue to work with partners to ensure joint commissioning strategies are in place to secure the right support at the right time through joint working across the system.

## RISK

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

- a) Growth is greater than anticipated (NB Since the removal of the pandemic restrictions SBC has noticed an increase in children and young people with significant SEN moving into the LA, some of whom were receiving support in specialist settings which legally needs to continue. This growth is not related to Afghan/Ukrainian re-settlement).
- b) Specific issues around achieving potential savings especially due to the on-going impact of Covid 19.
- c) Additional high needs funding only approved for one year only.
- d) The inflation increases indicated in funding are not forthcoming.
- e) General inflation pressures.
- f) 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.

**Contact Officer:** Andy Bryson, Chief Accountant  
**Tel No:** 01642 528850

**Contact Officer:** Joanne Mills, Head of SEND and Inclusion  
**Tel No:** 01642 526423