



Report to: Schools Forum

Date of Meeting(s): 23 January 2020

Subject: School Funding DSG – High Needs Block Budget

Report of: James Winterbottom – Director Children and Families

Contact Officer: John McDonald Strategic Finance Manager
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Summary: To update Schools Forum

Recommendation(s): None. To note the significant financial pressures projected in 19/20 and 20/21

Implications:

*What are the **financial** implications?* Contained within the report

*What are the **staffing** implications?* TBC

Risks: n/a

Please list any appendices:-

Appendix 1 – Proposed Budget 2020/21

1. Introduction

- 1.1 Further to the report to Forum in October the government has now released the DSG allocations for 2020/21. Nationally the ESFA have awarded additional funding of £700m for SEND for 2020/21.

The High Needs NFF for 2020-21 will have the same factors as at present.

- Ensure that every local authority will receive an increase of at least 8% per head of 2 to 18 population through the funding floor. This minimum increase in 2020-21 allocations will be based on local authorities' high needs allocations in 2019-20, including the additional £125 million announced in December 2018.
- Above this minimum increase, the formula will allow local authorities to see increases of up to 17%, again calculated on the basis of per head of population. Previously this was capped at 3% and Wigan will gain significantly from this.
- The impact for Wigan is that we will see an overall increase of £5m – the total high needs block is £34.9m before deductions (£32.4m after deductions to academies and FE institutions)

2. High Needs Funding

- 2.1 The high needs funding block is a single block for local authority pupils and students aged 0 to 24, with high needs. Before any deductions are made, the block includes funding for pre-16 and post-16 places in:

- maintained mainstream schools (pre-16 places in special units and resourced provision and post-16 high needs places)
- maintained special schools (pre-16 and post-16 places)
- pupil referral units (PRUs)
- mainstream academies and free schools (pre-16 places in special units and resourced provision and post-16 high needs places)
- special academies (pre-16 and post-16 places)
- special free schools (pre-16 and post-16 places)
- alternative provision (AP) academies
- further education (FE) institutions and independent learning providers (ILP) (post-16 places only)

- AP free schools (pre-16 places, excluding those at schools opened during the 2019 to 2020, or 2020 to 2021 academic years)

In addition to the funding for places described above, the high needs block also includes top-up funding for pupils and students occupying the places in institution types listed above.

It also includes:

- top-up funding for pupils and students in special post-16 institutions (SPIs), and non-maintained special schools (NMSS)
- all funding for children and young people placed in independent schools, independent AP (unless the places are commissioned directly by schools) and hospital education (including hospital education for individual young people being educated in independent providers)
- funding for central high needs services and budgets

3. Our Budget Pressures 2020/21

Further to previous reports there remains a significant pressure on this block of funding. At the last Forum meeting we reported a projected overspend for 2019/20 of £3m. This has further increased to £3.4m due to increased demand.

- **Independent Schools**

The number of placements as at the beginning of the Academic Year 2019/20 has increased by 13 compared with the previous year. The projected out-turn on independent schools has increased by almost £1 million compared with 2018/19 out-turn. (19/20 projection £3.528m, 18/19 out-turn £2.548m)

The average placement cost and average cost per term have increased between 18/19 and 19/20 showing that the fees charged have increased across the majority of providers.

EBSD/SEMH is by far the highest presenting/category of need for children in independent placements. This represents over 70% of the placements. ASD is the next highest presenting need, which amounts to around 17% of the children in independent schools.

Increasing demand for special education and a lack of capacity within the borough's special schools have contributed to this budget pressure.

- **Exclusions**

The income generated from the AWPU recovery and charges does not meet the annual estimated cost of educating the excluded pupil. It costs on average a minimum of £16k a year.

Tutoring costs are escalating, £155k last financial year however, we have already spent £264k in the current financial year. The reasons provided is it is taking longer to place pupils following exclusion meaning that we are paying for tutoring for longer. This is because there is an unwillingness from mainstream schools to take the children and capacity issues with our main AP provider. These costs are contained in the Alternative Provision line of the budget.

- **EHC plans**

We now have nearly 1900 plans

We have also seen a significant increase in support at Early Years, which has more than doubled in numbers and value this year compared with the Autumn Term 2018. In 2018 the Early Years Additional Resources provided totalled £88,000, whereas in September 2019 this increased to £228,000 for 2020 we expect this to increase to approx. £300k (30% increase)

- **Special Schools Places**

Increase of 55 places to date from Sept 2020

- **Transport**

The increasing number of special school placements both internal and external and EHC plans is also having an adverse affect on the Council's transport budget. It is estimated that this will be £800k over budget for 19/20.

4.1 As discussed at the previous Forum there are significant financial risks related to increasing demand from;

- EHC plans
- Requests for Special School/AP Provision (Internal and External if need cannot be met).

4.2 As highlighted above we will receive an additional 5m next year. It is likely that we will overspend by c£3.4m by year end and this deficit will be carried forward to be funded by the increased allocation for 2020/21.

5. SEND Transformation Update

- 5.1 The authority has commissioned SEND4Change to undertake 3 discreet pieces of work around the EHC pathway, sensory service, resourced provision and outreach. They have met all relevant stakeholders and recently reported to the SEND transformation board on initial findings and next steps.

6. Conclusions

- 6.1 It is critical that the transformation plans and work outlined in previous Forum reports begin to gather pace to help alleviate some of the financial pressures we face. We propose a small sub group to work with Finance on the financial strategy for the high needs block linking to the transformation plans.
- 6.2 It is important to note that the rate for requests for special school and alternative provision will continue to deplete any savings made in other areas. It is essential that we intensify the support to keep children in mainstream schools or we will continue to experience a growing expenditure in independent placements.

7. Recommendations

- 7.1 To agree to the proposed budget as set out in Appendix 1
- 7.2 To agree to establish a sub-group to look at the pressures and contribute to the production of a financial strategy for the high needs block