

**REPORT TO: SCHOOLS FORUM**

**Date of Meeting(s): 21 January 2021**

**Subject: Dedicated Schools Grant – High Needs Block Budget**

**Report of: Colette Dutton – Director Children and Families**

**Contact Officer: John McDonald Strategic Finance Manager  
Anthony Meehan Group Finance Manager**

**Summary:** To update Schools Forum on the projected financial position of the High Needs block for 2020/21 and the High Needs budget for 2021/22.

**Recommendation(s):** To note the significant ongoing financial pressures projected in 2020/21.  
To agree the high needs budget for 2021/22.

**Implications:**

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

*What are the **staffing** implications?* N/A

**Risks:** N/A

Please list any appendices:-

Appendix 1 – Projected Out-turn 2020/21

Appendix 2 – High Needs budget for 2021/22

## 1. Introduction

1.1 Further to the report to Forum in October the government has now released the DSG allocations for 2021/22. Nationally the ESFA have awarded additional funding of £730m for the High Needs Block in 2021/22.

1.2 The High Needs NFF for 2021-22 will have broadly the same factors as at present. Whilst the factors are largely unchanged it should be noted:

- **The funding floor** – this ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2021-22 this is to remain at 8.0%.
- **The limit on gains** – the limit on gains will be 12.0% per head of population compared to the baseline, so that authorities due to gain under the formula see an increase of up to 12.0% before their gains are capped.
- **Pay and Pensions Grant** – Like the Schools Block, the pay and pension grant allocations for special schools and AP will be rolled into the high needs block. Basic Entitlement factor has increased by £660 to accommodate this and one of the factor values has also been amended to incorporate the grant values for pupils on the AP census.
- The High Needs allocation for Wigan is £39.8m (before any deductions by the ESFA in respect of academies and FE institutions). This is an increase of £4.9m from 20/21 increase. However, incorporated within this increase is the pay and pension grant allocations for special schools and AP, which amounts to approx. £0.75m.

## 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

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. 2020/21 Projections**

Further to previous reports there remains a significant pressure on this block of funding. At the Forum meeting in October 2020 we reported a projected cumulative overspend for 2020/21 of £3.58m. This projection has since been revised and the current forecasted deficit as at the end of 2020/21 is £3.867m. This represents an in-year overspend of £0.952m. Further details of the current projections are included at Appendix 1 of this report.

- **Independent Schools**

The number of placements for students with EHCP's in independent schools as at the beginning of the Academic Year 2020/21 has increased by 9 compared to the same point in 2019/20. The average placement cost has also increased by 1%. This includes placements at the recently commissioned Progress School (Ilford).

Expenditure continues to be well in excess of the budget in this area and it is projected to be higher than in 2019/20.

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

- **Post 16**

Projected spend in this area is in excess of the budget and also slightly higher than expenditure in 2019/20. We continue to see an increase in the cohort attracting post 16 top up funding, which is representative of the increasing number of EHCP's across all age groups as set out below.

- **Exclusions**

Exclusions reduced in the Academic Year 2019/20 by 23, however, it should be noted that there were no exclusions in the Summer Term due to school closures. Had schools been open it is likely that the number of exclusions would likely have remained similar to 2018/19 (93 in total).

The number of exclusions and periods of time involved in reintegrating pupils back into mainstream education is resulting in significant cost pressures. An additional 15 places were commissioned with Three Towers in September 2019 at a cost of £0.240m per annum. Furthermore, additional funding has been agreed for the Academic Year 2020/21 or £0.232m, however this is to be funded from central DSG underspends.

In addition, the number of independent special school placements commissioned by pupil inclusion during the 2019/20 academic year, where the pupil does not have an EHCP, increased from 8 to 29. For these pupils, it was either felt that a placement at Three Towers was not appropriate or a placement had previously broken down. A number of these students subsequently receive an EHCP and the cost pressure moves into the independent schools budget line. Pupil inclusion also commission 1:1 tutoring for some excluded students as a temporary measure whilst an appropriate placement is sought.

The income generated from the AWPU recovery and charges does not meet the annual estimated cost of educating the excluded pupil. It costs us on average a minimum of £16k a year. The income received this financial year is much less than budgeted due to the pandemic and school closures.

- **EHC plans**

Census data as at January 2020 identified that we now have 1,930 children and young people with an EHCP. This is an overall increase of 126 plans (7%) from January 2019, and continues the upward trend seen between 2018 and 2019 where there was an increase of 124 plans.

Referrals are coming in at a rate of 5 a week. We have also seen a significant increase in support at Early Years, which has almost doubled in numbers and value this year compared with the Autumn Term 2019. In 2019 the Early Years Additional Resources provided totalled £228,000, whereas in September 2020 this has increased to £417,000. It should be noted that we

saw similar percentage increases between 2018/19 and 2019/20, however, it is hoped that this investment in early years will give rise to savings elsewhere in the system.

Initial allocations at the beginning of the financial year had increased by £0.400m from the same time the previous year, notwithstanding increases as a result of in-year plans.

- **Special Schools Places**

The overall number of special school places has increased significantly compared with 2019/20. In total we currently pay for 869.5 places in our special schools, this is an increase of 50.5 places from 819 in September 2019.

As a result, the overall budget for special schools increased by £1.767m in 2020/21 compared with 2019/20.

Work is currently ongoing with commissioning additional resourced provision in mainstream schools. To date 44 new places have been commissioned of which 15 places are available now with the remaining places expected to be available in the 2021/22 academic year once capital works are completed to facilitate the provision. The commissioning process is ongoing and whilst there are additional costs associated with the extra places it is hoped that savings will be generated over the longer term by reducing demand in local and out of borough specialist provision.

- **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. This is likely to be £1m over the allocated budget. An internal review has been completed which will seek to offset the cost of growth in this area moving forward and make some efficiencies.

#### **4. 2021/22 Budget**

4.1 Included at Appendix 2 of this report is the High Needs budget for 2021/22. As highlighted in 1.2 above the total funding is £39.8 million before deduction (£36.9m after deductions). Budgets have been set within this funding envelope and as a result some budget lines have been flexed to ensure affordability.

4.2 A re-charge is included within the budget for 50% of the projected deficit brought forward from 2021/22. It is recognised that even with increases in

funding it would not be feasible to pay back the deficit in the next financial year. We are budgeting to re-pay £1.93m of the deficit in 2021/22, with the remaining deficit carried forward to 2022/23 (i.e. currently a further £1.93m deficit).

- 4.3 Presented in appendix 2 are two iterations of the budget, the first reflects actual anticipated income and expenditure and the full deficit (A), this is for information purposes only. The second budget (B) is the one proposed and incorporates the 50% re-charge for the deficit and a reduction to independent school and post 16 budget lines to ensure that the overall budget ties back to the funding available.
- 4.4 Included alongside certain budget lines is information on the basis of the estimates and any assumptions used in setting the budget where relevant.

## **5. SEND Transformation Update**

- 5.1 The LA's SEND transformation programme is ongoing and detailed information has previously been provided to the Schools Forum High Needs sub-group on the various workstreams. This is also covered under another agenda item at this meeting (DSG Management plan).

## **6. Conclusions**

- 6.1 A number of work streams are ongoing to deliver the SEND transformation plan with significant progress made in a number of areas. The LA will continue with this work and report to Schools Forum through the High Needs sub-group. Whilst it is projected that this work will help to deliver savings over the medium to longer term, demand and costs continue to rise in some areas of the system and will need to be carefully managed.

## **7. Recommendations**

- 7.1 To note the financial pressures and projected deficit as set out in Appendix 1.
- 7.2 To agree the proposed budget as outlined in Appendix 2.