



Report to:	Schools Forum
Date of Meeting(s):	26 November 2021
Subject:	DSG High Needs Recovery Plan
Report of:	Colette Dutton – Director for Children and Families
Contact Officer:	Mark Rotheram - Strategic Finance Manager Anthony Meehan - Group Finance Manager Charmaine Tarring - Enhanced Service Manager
Summary:	<p>To update on the current High Needs pressures and to provide further details in respect of the High Needs deficit recovery plan.</p> <p>Provide feedback from the High Needs sub-group</p>
Recommendation(s):	To note the information provided and provide feedback where appropriate.
Implications:	
<i>What are the financial implications?</i>	Contained within the report
<i>What are the staffing implications?</i>	n/a
Risks:	Included within the report

1. Introduction

- 1.1 In 2020/21 the requirements for LA level recovery plans were revised and the DSG Conditions of Grant now state:

‘Any local authority that has an overall deficit on its DSG account at the end of the 2019 to 2020 financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education (DfE) in handling that situation. In particular, the local authority must:

Provide information as and when requested by the department about its plans for managing its DSG account in the 2020 to 2021 financial year and subsequently.’

- 1.2 At the end of 2020/21, Wigan Council had a deficit of £3.5m on it’s High Needs block, resulting in a significant reduction in our overall DSG position.
- 1.3 The purpose of this report is to update on the ongoing pressures, the work being undertaken to address the pressures and to provide projections for the purpose of recovery planning.

2. Current Financial Position and Pressures

- 2.1 As reported at the October meeting of schools forum we are currently projecting a year end deficit of c. £4.1m. There are, however, further known commitments which may increase this value further.
- 2.2 As highlighted at the previous meeting we are seeing unprecedented growth in pupils with SEND, requests for specialist education and the cost of the associated support. The key areas of growth (and financial pressure) continue to be as follows:

- EHCP numbers and mainstream top up funding.
- Post 16 Provision
- Independent Schools
- Special School Placements
- Permanent Exclusion

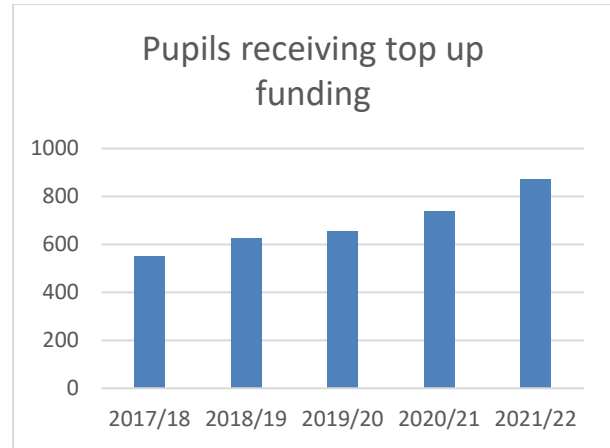
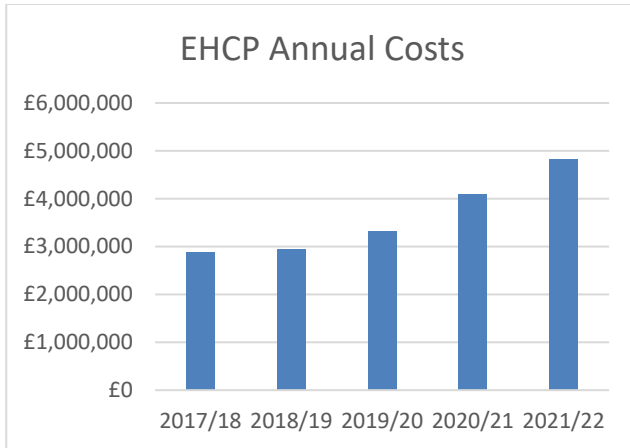
EHCP numbers and mainstream top up funding

- 2.3 The SEND2 data highlights that Wigan had over a 9% growth in the number of EHCP’s between January 2020 and January 2021, an increase from 7% in the previous period.

Data provided by our SEND team on the number of requests for new EHC Needs Assessments in recent months indicates that the growth is likely to further increase over the current 12 months. The team saw an increase of 84% in the number of new requests between the academic years 2019/20 and 2020/21 (from 217 to

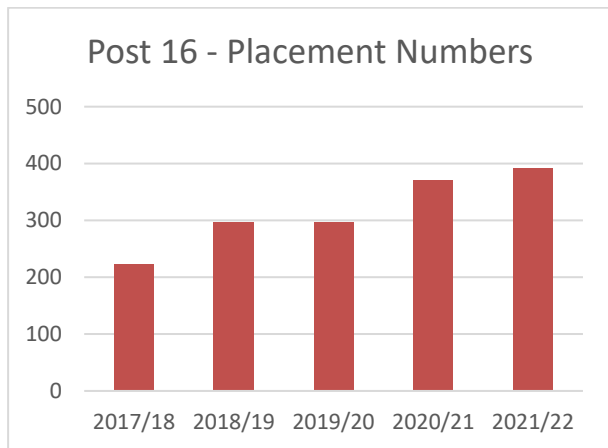
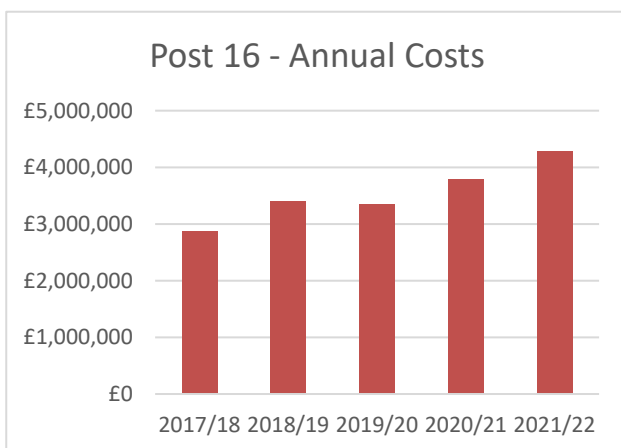
400) and financially we will begin to see the impact of this increase over this and the following financial years.

The charts below highlight the growth in both EHC numbers and associated costs in mainstream schools in recent years.



Post-16 Provision

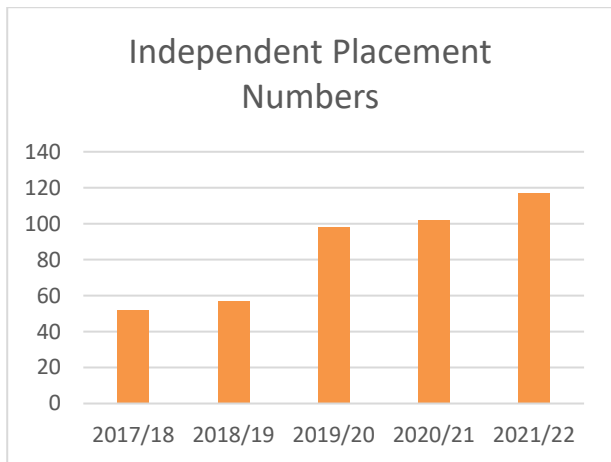
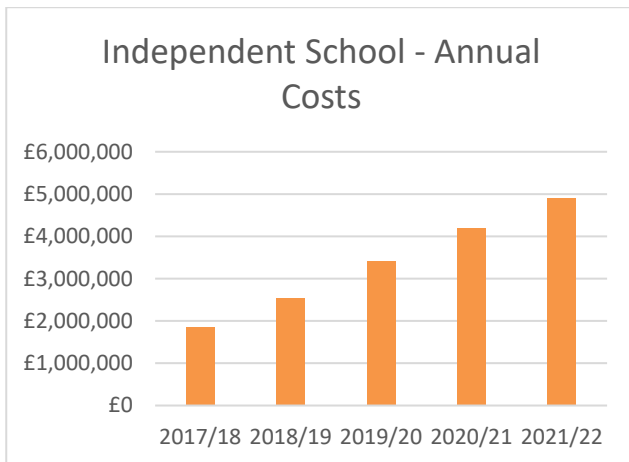
2.4 Costs in this area have escalated over the last two academic years. The cohort attracting funding has increased significantly due to the number of continuing learners as a result missed education during the pandemic and also due to the general increase in the number of EHCP's across the population. Annual costs have increased by £0.9m between 2019/20 and 2021/22. The cohort receiving funding has increased by around 55% over the same period. The charts below demonstrate the year-on-year growth in numbers and funding.



Independent School Placements

2.5 The number of students placed in independent schools continues to increase year on year due to capacity within the system. The cost of each placement has also increased over the last 12 months, due to the increasing complexity of the needs of the pupils and also market forces. The average placement cost has increased by around 10% since September 2020, from £42k per place to £46k per place. The projected out-turn has increased by c.£0.694m compared with 2020/21.

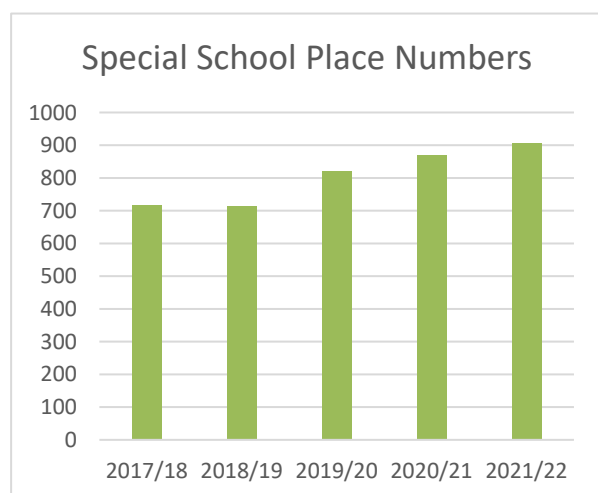
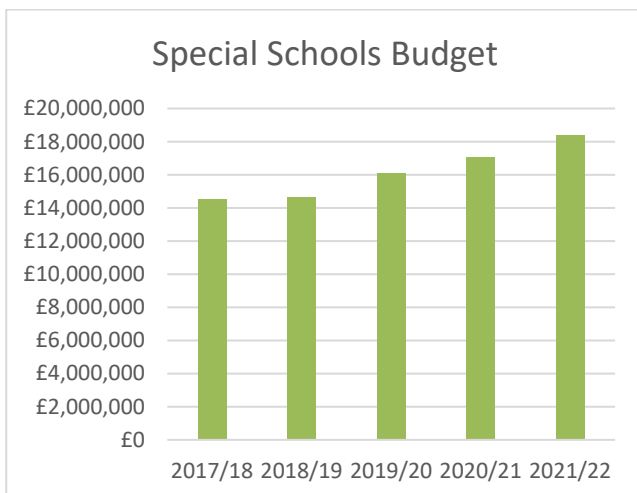
The charts below provide year on year data.



Special School Placements

2.6 The overall number of maintained special school places has increased significantly compared with 2020/21. In total we currently pay for 906 places in our special schools, this is an increase of 36 places from 870 in September 2020. Between 2018/19 and 2021/22 almost an extra £4m has been invested in LA maintained special school places, however, requests for special education continue to outstrip the capacity available in these schools resulting in additional independent and out of borough special school costs.

The tables below demonstrate the year on year increase in the number of places together with the increases in overall base budget for our special schools (21/22 figure excludes the pay and pension grant element of funding for comparison purposes).



Permanent Exclusions

2.7 The number of permanent exclusions continues to remain high. The table below highlights the number of exclusions over the last three years. It should be noted

that there were significant periods of school closures during the academic years 2019/20 and 2020/21.

Year	Primary	Secondary	Total
2018/19	7	73	80
2019/20	8	65	73
2020/21	2	54	56

In the first half term of 2021/22 there have been 18 permanent exclusions, an average of 2.6 per week. If this was to continue at that rate the total for the year would be 98.

This results in additional cost pressures within the system when sourcing further Alternative Provision, particularly where we are unable to promptly place at our core provider. It is estimated that the costs in respect of this are in the region of £0.340m over the last couple of years.

Local Authority Pressures

- 2.8 The rising demand outlined above in turn also places additional pressures on Local Authority finances and its capacity to meet these demands. As previously reported transport costs have increased significantly over this same period. Furthermore, there is increasing pressure placed on council support services which is most visible within the SEND team with the increase in EHC needs assessments impacting on its ability to meet statutory deadlines and the capacity across education to deliver on the transformation plans developed.

3. High Needs Recovery Plan

- 3.1 In November 2020 an action plan together with a high needs financial recovery plan was presented to Schools Forum. The pandemic and the unprecedented growth in demand has impacted on the delivery of the plan and the associated financial savings.
- 3.2 As a result all financial projections have been re-cast based on updated projections of EHCP/SEND numbers over future years. The projected EHCP numbers/growth have been developed by the Council's EBIU team. They have used current data which has been rolled forward through age groups, changes in early years cohorts have been reflected and then appropriate uplifts applied to reflect the current growth/demand across the sector.
- 3.3 Appendix 1 of this report includes data on the projected numbers for future years in respect of EHCP's. The percentage growth, split by pre and post 16 has been used as the basis for developing the financial forecasts, together with local knowledge on other factors which will have a bearing on the financial position.

Financial Forecasts

3.4 A summary of the financial forecasts showing both the mitigated and unmitigated position for the High Needs Block are included within Appendix 2 of this report. Outlined below is a summary of the assumptions used for developing the forecasts:

Unmitigated Position

- **Expenditure** has been based on 2021/22 projections plus a % growth in each year in line with Appendix 1 EHCP projections.
- In addition to the projected growth, amendments have been made to reflect local understanding/knowledge – i.e. Special School growth reduced due to building capacities and independent growth increased to offset.
- Inflationary increase applied to support services.
- **Income/Contributions** includes a contribution from DSG reserves in 2022/23 to reflect the value agreed by Forum in May 2021. No further contribution assumed in order to be prudent.
- **High Needs Block funding** has been based on the provisional allocation in 2022/23 after recoupment for FE and academy places. A 9% uplift has been applied in 2023/24 and then 8% in the following two years. It is not anticipated that the current year on year increases in funding will be maintained over the longer term. The current 'funding floor' is an 8% increase year on year.

Mitigated Position

- The assumptions applied to the income and expenditure as outlined above for the unmitigated position have been used as the starting point for the mitigated forecasts.
- Where additional investment is required to deliver the proposed actions this has been included within the mitigated forecast (i.e. resourced provision)
- Where savings are expected to be generated these have also been included in the mitigated position. In some cases this is applied as a cash value reduction (i.e. reduced costs as a result of new provision) and in some cases the savings is reflected as a reduction in growth resulting from the planned interventions. Further information on the mitigating actions is included below.

3.5 Based on the projections produced the unmitigated position highlights an increasing deficit year on year, totalling **c.£10m** by 2025/26. The mitigated forecast estimates that by 2023/24 we will balance in year and that the deficit will begin to reduce in future years, reducing this down to **£2.67m** by 2025/26.

3.6 It should be noted that the projections have been based on the best available information at the current time and will be subject to change. There are several unknowns, such as the lasting impact of the pandemic on the cohort and also the

funding over the medium to longer term which could have a significant impact on the forecasted position.

4. Mitigating Actions

4.1 As outlined in 3.4, a mitigated financial forecast has been developed, taking into account a range of actions for which work is ongoing. Below is a summary of the key actions and the savings included within the recovery plan arising from these actions between 2022/23 to 2025/26.

- **Resourced Provision** – to continue to develop and increase available places in resourced provision within our mainstream schools. It is anticipated that the successful delivery will help to increase capacity across the borough for requests for specialist provision and in turn reduce independent school costs. If we are able to commission a further 30 places incrementally over the period of the recovery plan this could generate potential savings through cost avoidance of c.£2.8m over 4 years.
- **Commissioning Arrangements and Place Planning** – to review availability of places both in relation to special school and alternative provision and look to ensure robust commissioning arrangements are in place. Additional capacity created through a specialist SEMH provision and work is ongoing in reviewing alternative provision arrangements. A potential net saving of £1.1m over 4 years through cost avoidance could be realised once the specialist SEMH provision is full.
- **Actions to support inclusion and ensure that places in mainstream schools are maintained** – These include, but not limited to, the following workstreams:
 - SEND support arrangements and EYAR funding to ensure timely and targeted support.
 - Review of the Outreach offer
 - Team around the school and short breaks offering wraparound support
 - Working more closely with community health services
 - Targeted work around preparing for adult hood
 - Updates to HEfA, Pathway and Local Offer to support the graduated approach.
 - Re-organisation of SEND service to enable quality assurance of reviews.
 - Creation of an Alternative Provision Framework to support in maintaining pupils (particularly in KS4) in mainstream settings, enabling them to gain appropriate qualifications through quality assured providers.

A net saving of £2.4m over 4 years has been included in recovery plans as a result of these actions reducing growth in relation to specialist, out of borough placements, alternative provision and EHCP top up funding.

5. High Needs Sub-Group

- 5.1 A more detailed version of this report was presented to the High Needs sub-group on 11th November 2021. In addition to the information included here, the report also provided details of 15 individual actions which contribute to the delivery of the recovery plan, including a summary of actions to date and next steps. A detailed breakdown of the financial projections was also provided highlighting the value by budget heading and a narrative to support the basis of the projections in each area.
- 5.2 Following discussions on a range of matters, the following next steps were agreed with the sub-group:
- A summary (i.e. this report) would be brought to the forum meeting on 26/11/2021.
 - The sub-group requested more detailed information in relation to categories of need and the number of EHC plans by school.
 - The sub-group requested that the current action plan is streamlined and that a clearer vision is developed setting out 4 or 5 key priorities in support of the recovery plan.
 - A further meeting of the sub-group to be convened early in the Spring Term 2022 to consider the additional requested information.
- 5.3 During the meeting, representatives discussed the LA's request for a contribution from Schools Block to High Needs block to support with ongoing pressures. This is covered in more detail in the School Block Funding Formula agenda item which should be considered in the context of the information contained within this report and also any feedback from representatives of the sub-group.

6. Recommendations

- 6.1 To review the information provided and provide feedback. Members are asked to highlight any further information that they would wish to receive in respect of the plan at future meetings.