



<b>Report to:</b>	<b>Schools Forum</b>
<b>Date of Meeting(s):</b>	<b>14 October 2021</b>
<b>Subject:</b>	<b>High Needs Block Update and Recovery Planning</b>
<b>Report of:</b>	<b>Colette Dutton – Director Children and Families</b>
<b>Contact Officer:</b>	<b>Mark Rotheram Strategic Finance Manager Anthony Meehan Group Finance Manager</b>
<b>Summary:</b>	To update Schools Forum on the latest financial position for 2021/22 and to outline the position regarding recovery planning.
<b>Recommendation(s):</b>	To note the ongoing significant financial pressures on the LA's High Needs Block. To agree to convene a meeting of the High Needs sub-group to look in more detail at the plans.
<b>Implications:</b>	
<i>What are the <b>financial</b> implications?</i>	Contained within the report
<i>What are the <b>staffing</b> implications?</i>	n/a
<b>Risks:</b>	n/a

Please list any appendices:-

Appendix 1 – Projected Outturn 2021/22

## 1. Introduction

- 1.1 The purpose of this report is to provide an update on the ongoing financial pressures in respect of our High Needs Block. The budget projections have been updated and further information is included within this report. The report also sets out the current position in relation to the recovery plan.

## 2. National Update

- 2.1 It is pleasing to note that the government awarded additional funding of £730m for SEND for 2021/22 as announced in the spending plan in September 2019. In addition, a further £780m is being provided in High Needs funding in 2022/23.
- 2.2 The formula remains largely the same as in previous years with a minor change on the historic spend factor moving from historic estimated spend to actual spend as was consulted on earlier in the year.
- 2.3 The formula includes a gains cap of 11% (12% in 2021/22). As in previous years Wigan continues to be at the gains cap, meaning that the amount of funding which would otherwise be awarded under the formula is reduced in view of the cap. Based on the 22/23 provisional allocation the cap is reducing funding by £0.385m.
- 2.4 The 2022/23 provisional High Needs Block Allocation is **£43,723,460**. Which represents an increase of c.£3.9 million on 2021/22.
- 2.5 The government announced in September 2019 that there was to be a major review of SEND. The review aims to improve the services available to families who need support, equip staff in schools and colleges to respond effectively to their needs as well as ending the 'postcode lottery' they often face. It will conclude with actions to boost outcomes and improve value for money, so that vulnerable children have the same opportunities to succeed, as well as improving capacity and support for families across England.

Alongside this there is due to be a review of the High Needs funding formula which will be informed by the outcomes of the wider SEND review.

The outcomes from the review were due to be published in Spring 2021, however, this has since been delayed.

## 3. GM update

- 3.1 All ten Local Authorities in Greater Manchester, like the vast majority of Local Authorities across the country, are experiencing severe pressure against their Dedicated Schools Grant (DSG) budget. This pressure is most acute in high needs budgets.

- 3.2 At the end of 2021/22, projections indicate that the cumulative high needs deficit across all GM authorities will exceed £110m, despite around £28m being transferred from schools block to help address the pressures.
- 3.3 A recent benchmarking exercise has been undertaken by GM authorities analysing data in relation to cohorts, finances and practices across the region. The LA is currently reviewing this information in order to identify any areas for further investigation.

#### 4. Local Position

- 4.1 Provided in the table below is a summary of Wigan’s high needs block and cumulative deficit carried forward each year in recent financial years:

Year	High Needs Funding* (£m)	Cumulative Deficit C/Fwd (£m)
2018/19	28.902	0.600
2019/20	29.715	2.915
2020/21	34.846	3.512
2021/22	39.687	4.098 (projected)

\*Before recoupment for high needs places

- 4.2 As highlighted above we currently have a significant cumulative high needs deficit totalling £3.512m brought forward in to 2021/22. We are currently projecting that this deficit will increase further by around £0.586m to £4.098m despite significant additional funding in 2021/22. Further details of the current projections are included at Appendix 1 of this report.
- 4.3 The key pressures in respect of the High Needs block are:
- **Post 16** – 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 c£0.900m between 2019/20 and 2021/22 and the year-on-year projected increase in costs is £0.493m compared with 2020/21.
  - **Independent Schools** – The number of students placed in costly independent schools continues to increase year on year due to demand for specialist places being in excess of the places available in the borough’s special schools. The cost of each placement has also increased over the last 12 months, due to the increasing complexity of the needs of the pupils. The average placement cost has increased by c10% since September 2020 and the projected out-turn has increased by c.£0.694m compared with 2020/21.

- **EHC plans / Mainstream Top up** - Data as at January 2021 identified that we now have 2,111 children and young people with an EHCP. This is an overall increase of 181 plans (9%) from January 2020 and continues the upward trend since 2018 (7% increase in 2019 and 2020). The number of pupils with an EHCP in mainstream schools has increased by 10% compared with 2020 (757 to 829). With this comes additional costs in terms of top up funding for each pupil.

The cost of Early Years Additional Resources (EYAR) has also increased by c.£0.200m to £0.582m as at September 2021 compared with the previous September. The number of pupils receiving EYAR has increased by 28% whereas funding has increased by 52% which indicates an increase in the complexity of the needs within this cohort.

As a result the projected year on year increase in costs is £1.221m compared with 2020/21.

- **Special Schools Places and Resourced Provision** - The overall number of special school places has increased significantly compared with 2020/21. In total we currently pay for 905.5 places in our special schools, this is an increase of 36 places from 869.5 in September 2020.

As a result, the projected out-turn for 2021/22 shows a year on year increase in costs of £1.632m. We are also seeing requests for additional funding from some special schools due to the complexity of the needs of some of their pupils.

Work is ongoing with commissioning additional resourced provision in mainstream schools. To date an extra 22 places have been commissioned since Autumn 2019, with a view to increasing further over the next academic year. Whilst this increases costs in the short term (c.£0.260m this year compared with last) it is anticipated that this will create savings over the longer term.

- **Alternative Provision** – As agreed in consultation with Schools Forum last year, the cost of top up funding for Alternative Provision places has increased from £6,025 per place (for 189 places) to £7,224 (for 181 places). This equates to an annual increase of c. £0.169m.

- **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. Home to School transport costs have increased by c. £0.750m per year compared with 5 years ago

- 4.4 The Dedicated Schools Grant is ring fenced, with any deficits funded from future savings/funding within the DSG. As highlighted above we will potentially receive an additional £3.9m next year. Current projections indicate that we will have a cumulative deficit of c. £4.2m by year end and this deficit will be carried forward to be funded from 2022/23's allocation.
- 4.5 In this financial year (2021/22) a contribution of £0.750m was made to the high needs block, which consisted of a £0.450m contribution from the schools block and £0.300m from central DSG underspends. An additional £0.250m was also transferred in to the High Needs block from central DSG underspends to support in-year pressures as agreed at the forum meeting in May 2021.
- 4.6 There is currently a significant amount of work being undertaken in respect of the SEND transformation programme to help to address the issues which we are seeing within our High Needs block.

## **5. DSG Recovery Plans**

- 5.1 The DSG Conditions of Grant states that the Local Authority should have in place a management plan to address any reported deficits. Whilst there is no requirement to routinely submit a recovery plan, the DfE can ask to review an LA's recovery plan at any point.
- 5.2 Wigan's recovery plan was formulated last year, was reviewed by the High Needs sub-group and subsequently a summary presented to Schools Forum. At this time the plan projected that in view of increased funding and the actions being taken by the LA, that the cumulative High Needs deficit would begin to reduce in 2021/22. In view of current projections this is looking increasingly unlikely and therefore work is currently ongoing to review the plan.
- 5.3 We would like to convene a meeting of the Schools Forum High Needs sub-group in early November in order to review the plan and to provide additional information to representatives on:

- Pressures/Growth
- Actions and progress to date
- Updated financial projections

## **6. Conclusions and Recommendations**

- 6.1 Despite the increase in funding in 2021/22, due to the continued growth in this area we are likely to see an increase on the cumulative deficit on our High Needs block at the end of this financial year. Forum members are asked to note the figures included within this report.

6.2 It is recommended that a meeting of the High Needs sub-group is convened to consider the current position in more detail and to review the updated recovery plan.