



**Report to:** Schools Forum  
**Date of Meeting(s):** 17 October 2019  
**Subject:** School Funding DSG – High Needs Block Update  
**Report of:** James Winterbottom – Director Children and Families  
**Contact Officer:** John McDonald Strategic Finance Manager  
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**Summary:** To update Schools Forum on the latest financial position for 2019/20

**Recommendation(s):** None. To note the significant financial pressures for 19/20 and extra

**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 – Projected Outturn 2019/20

Appendix 2 – Savings Action Plan

## **1. Introduction**

- 1.1 Further to the report to Forum in May we have updated the projected outturn based on the pressures highlighted at that meeting and additional demand (mainly around external placements) since the budget was set. The budget has now been updated and attached (appendix 1).

## **2. National Update**

- 2.1 It is pleasing to note that the government has awarded additional funding of £700m for SEND for 2020/21 as announced in the spending plan in September.

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 overall impact for Wigan is that we will see an overall increase of 15.9%. The provisional allocation is £34.7m (before any deductions by the ESFA in respect of academies and FE institutions). This is an increase of £4.7m based on the recently released provisional allocations from the ESFA.

- 2.2 The government has also announced a major review of SEND. Five years on from reforms introduced to better support children and young people with special educational needs and disabilities (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.

## **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 for which Local Authorities are directly responsible.

3.2 At the end of 2018/19, GM Authorities will have a collective overspend of £53m expected to be £76m by 2019/20. This is despite moving £17m from Schools block to High Needs.

Local Authority	2019/20 High Needs Projected in Year overspend/ - (Underspend) £m	Cumulative High Needs Deficit to 2018/19 £m	High Needs Deficit cfwd to 2019/20 £m	Total £ms transferred from Schools Block (cumulative)
Bolton	1.600	7.900	9.500	2.100
Bury	2.000	14.631	14.631	0.800
Manchester	2.705	2.767	1.711	0.000
Oldham	1.890	10.640	5.997	6.237
Rochdale	0.818	2.193	0.000	1.823
Salford	3.503	10.321	10.321	1.597
Stockport	0.965	1.687	0.000	1.662
Tameside	5.507	1.831	0.000	0.000
Trafford	1.450	0.000	0.000	1.592
Wigan*	2.500	0.600	0.600	1.250
<b>Total</b>	<b>22.938</b>	<b>52.570</b>	<b>42.760</b>	<b>17.061</b>

\*This information was provided prior to the updated financial position now contained in this report

### What is causing the pressure for local authorities?

A combination of factors these include:

- Financial pressures in the schools block.
- High Needs Funding has not grown in line with place number increases.
- The increase from 0-19 to 0-25 was not funded.
- An increasing number of education health and care plans (which is unlikely to have yet peaked)
- Increasing parental demand for education health and care plans.
- Increasing parental demand for special school.
- Increasing parental demand for independent special schools, and increasing costs in these schools.
- Policy changes to accountability, curriculum and testing have made inclusion in the mainstream increasingly difficult for many learners.
- The special educational needs of many young people are becoming more complex and increasingly they are multiple and overlapping.
- The SEND reforms increased the power of parents to preference places and determine provision.
- National tribunal findings, increasingly in favour of parents.

## **Why is the pressure most acute for Local Authorities?**

Again, there are a combination of factors these include:

- High Needs Block pressures fall to the LA to manage, pressures escalating from schools (school block)
- LAs are required to make provision for all pupils permanently excluded from school, but have few, if any powers to reduce exclusions.
- The increase in numbers of EHCPs has been dramatic. LAs have had little time to plan.
- Reductions in other areas of the LA budget have impacted including changes to DSG (ESG).
- Minimal additional capital has been available to meet demand for extra special school places, additional revenue funding has not been provided.
- School led pressures on DSG funded areas produce non DSG pressures for LA's such as Home to School Transport and the Educational Psychology services due to the increased demand for EHCPs.
- The post 16 high needs funding formula does not take account of the way teenagers make choices about their education and training. Authorities are required to forecast numbers of high needs places required at each college/training provider 10 months before the young people enrol. This means that funded places may sit empty on one college, whilst another enrolls many more students than they receive ESFA high needs funding for.
- Pressures on adult social care budgets mean that families want their young adults to stay in education for longer and want education to fund 5 day provision.

## **What are Local Authorities doing to mitigate this pressure?**

- All Local Authorities are reviewing their strategic approach, as well as reviewing services, amending local policy and enforcing funding models with greater consistency.
- Many Local Authorities have also through agreement with school forums or through agreement with the Secretary of State moved funds from the schools block to the high needs block.

### **4. Our Budget Pressures 2019/20**

- **Post 16**

Additional numbers resulting in additional support (elements 2 and 3). However although we are spending over the set budget the total projected spend in this area is expected to as reduce compared to 2018/19.

- **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 total number of terms to be paid in this financial year has also increased by 66 terms (an increase of 34%) in total. This is due to the fact that some placements in FY 18/19 only commenced in Spring Term and therefore the cost of only 1 term was met last year, whereas in the current financial year we are anticipating costs for 3 terms. For example, in 2018/19, we commissioned 3 places at Westmorland School commencing in the Spring Term at a cost of approx. £20k per term (£60K for the year), however, this year we have the same cost for 3 terms for the 3 placements at £60k per term (£180k for the year).

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 of the 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**

Permanent Exclusions 'appear' to have doubled during the 2018/19 academic year. Up from 41 to 85. However, this is due to the termination of the supported transfer protocol and the 'withdrawal of students as an alternative to formal permanent exclusion. The actual figures of students requiring alternative provision in comparison is not much higher, the real issue is the age at which the children are becoming excluded. We are seeing more children being permanently excluded at KS3.

The impact of this is that the alternative provision and specialist provision is required for a lot longer which then 'blocks places for other young people. In addition, schools are reluctant to accept children through fair access with support and therefore the young people are requiring alternative provision for much longer. At its peak, there were more than 30 children receiving 1:1 tutoring at a significant cost due to all other provision being full.

This issue is also exacerbated by Wigan pupils excluded from OOB schools and also a couple of exclusions from Three Towers.

Of the 85 exclusions only 14 have been placed back in mainstream education from September this year.

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.

Tutoring costs are escalating, £155k last financial year I thought it was £400k+, however, we have already spent £164k in the current financial year. The reasons provided to us 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 Independent Schools Fee line of the budget.**

- **EHC plans**

We now have approximately 1870 plans with 60 current assessments which is 76 more than at 17 January 2019 (census date).

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 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.

The in year EHCP top up values total £910,000 for the first 6 months of the year to the end of September, however, at the same stage last year this only totalled £495,000 (these figures include the EYAR referred to above).

- **Special Schools Places**

Additional request to support children with ASD at Hope (£180k for a full year)  
£105,000

Willow Grove 12 Additional Places (£270k for a full year)  
£157,500

Further 1 to 1 Support to prevent an Independent Placement

Newbridge	3 Students	£33k
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Rowan Tree	1 Student	£9k
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Hope	2 Students	£12k
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Willow Grove	2 Students	£28k
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Landgate	2 Students	£28k
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Payments to maintained special schools in other local authorities is £365k

- **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 – the % growth over the last 3 years (17/18 – 9%, 18/19 – 13% and 19/20 7%). An estimated 10% increase costs approximately £0.3m)
- Requests for Special School/AP Provision (Internal and External if need can't be met).

4.2 As highlighted above we will potentially receive an additional £4.7m next year. It is likely that we will overspend by c£3m 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 Appendix 2 outlines some of the actions and plans identified to address the financial pressures within the high needs block.

5.2 The authority has commissioned SEND4Change to undertake 3 discrete 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.

5.3 The authority has agreed to invest in an Early Years engagement centre model. The current Engagement Centre model has shown some signs of success in terms of pupil attendance and reducing expected exclusions.

## **6. Conclusions and Recommendations**

6.1 It is likely that the increase in funding will simply offset the current deficit. Therefore it is critical that the transformation plans and work outlined in previous Forum reports and in appendix 2 begin to gather pace to help alleviate some of the financial pressures we face.

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.