

SCHOOLS FORUM

Meeting date: 21st October 2020

**From: Daniel Barton
Assistant Director – Education & Skills**

HIGH NEEDS BLOCK – BUDGET MONITORING AS AT QUARTER 1 2020-21

1.0 EXECUTIVE SUMMARY

- 1.1 *This paper provides an update on the forecast deficit on the High Needs (HN) block as at 30th June 2020 which is forecast to rise to £15.190m an increase of £4.169m compared to the closing deficit at the end of financial year 2019-20 of £11.022m.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 *The utilisation of the HN block within the Dedicated Schools Grant is supportive of the Council Plan outcome that 'People in Cumbria are healthy and safe'.*

3.0 RECOMMENDATION

- 3.1 *The Schools Forum are recommended to note the contents of this paper and the current projection as at 30th June 2020.*

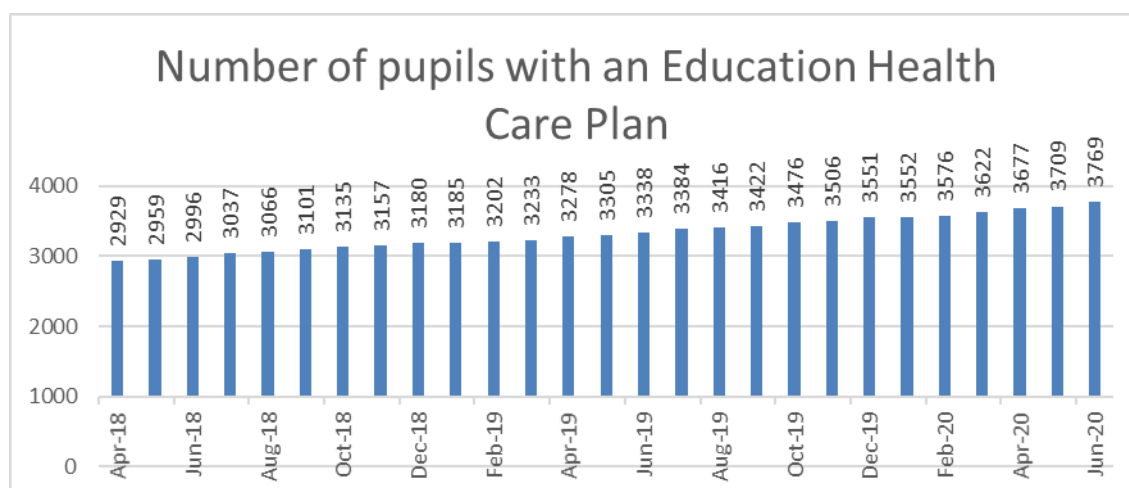
4.0 BACKGROUND

- 4.1 A balanced High Needs budget has been set for 2020-21 with no planned transfer to reserves. As reported to Schools Forum at its meeting held on 17th January 2020 the original budget available for the HN Block was £45.894m and this comprised of £44.383m HN Block allocation from central government as confirmed in December 2019 and £1.511m transferred in from the Schools Block. This represented an increase of £6.151m compared to the budget available in 2019-20 as follows:

	2020-21	2019-20 updated as at 31/03/20	Increase/ (Decrease in Grant)
Block	£m	£m	£m
High Needs allocation before recoupment for place funding in academies and FE institutions	48.339	43.080	5.259
Less recoupment for high needs places in academies and FE institutions	(3.956)	(3.892)	(0.064)
Transfer from Schools Block	1.511	0.555	0.956
Total High Needs Block	45.894	39.743	6.151

4.2 Although a balanced budget has been set for 2020-21 and despite a significant increase in funding available there still continues to be specific budget pressure relating to the growth in demand for Education Health Care Plans (EHCPs).

4.3 The number of children with EHCPs has risen continuously month on month for some time now and reached 3,769 as at Q1. Between the period April 2018 and June 2020 numbers have increased by a total of 840 which represents an increase of 28%, as follows:



4.4 HN benchmarking data shows that the proportion of children and young people with EHCPs as a percentage of 2 to 18 year old population in 2019-20 was 3.6% and this compares to 2.7% in 2016-17:

Year	2 to 18 year old population	%
2019-20	88,066	3.6
2018-19	88,163	3.24
2017-18	88,297	3.1
2016-17	88,662	2.7

4.5 It is also still remains the case that a significant proportion of the HN Block funding from central government is based on historic spend using 2017-18 planned HN Block expenditure as a baseline. For 2020-21, 40% of the total allocation is allocated through the historic spend factor meaning that the formula used to calculate the HN Block funding for 2020-21 does not fully recognise the continued growth in demand for specialist places that has been experienced not just in Cumbria but on a national level.

4.6 As agreed by Schools Forum at its meeting in January 2019, the additional HN funding of £0.969m received in 2018-19 and 2019-20 from central government and the £0.555m transfer from Schools Block in 2019-20 has been earmarked specifically for Invest to Save initiatives to manage the rising demand on SEND services whilst at the same time achieving savings to manage down the HN deficit. As at 31st March 2021 the underspend against this budget of £0.835m was transferred to the DSG Earmarked reserves to continue to support the development of invest to save initiatives in 2020-21.

5.0 **PROJECTED OUTTURN**

5.1 Performance against the High Needs Block budget is monitored on a monthly basis with reports presented to senior management each month, and to Cabinet on a quarterly basis, as well as to each Schools Forum meeting.

5.2 Appendix 1 presents the projection against the budget as at Q1. This shows that the budget is projected to overspend by £4.169m at 31st March 2021 with a projected deficit of £15.190m as the below table demonstrates:

	£
HN Block Deficit Brought Forward from 2019-20	11.022m
Project overspend as at Q1	4.169m
Projected HN Block Deficit as at 31 st March 2021	15.190m

5.3 The projections are based on all known costs and built in projected costs for the period July 2020 to March 2021.

In-year Under and Overspends

5.4 In terms of the pressure against the budget of £.4.169m in 2020-21, the key variances are:

- EHCP top-ups for pupils in mainstream schools and Early Years Providers £1.513m. The forecast is based on current EHCP costs and predicted number of new and amended EHCPs in-year.
- Specialist Independent Day & Other Placements £1.221m. The number of independent placements has increased by 5 to 111 and the Education Otherwise numbers have increased by 6 to 97 compared to the end of

March 2020. There has also been a net increase of 1 Extra District placement since the end of March 2020.

- Post-16 EHCP top-ups and independent specialist placements £0.676m. The forecast is based on the current number of pupils in independent placements and colleges receiving support and estimated new starters from September 2020. It also includes a provision for additional expenditure relating to COVID19 of £0.098m in respect of requests from parents for support to be extended by an additional term so that their children can complete their education.
- Residential Placements £0.341m. The number of residential placements has remained at the same level as March 2020 at 57. The forecast is based on current placements.
- High Needs Invest to Save Initiatives £0.209m. As agreed by Schools Forum this pressure will be funded from the additional HN funding balance held in the DSG Central reserves.
- Other individually non-material variances £0.209m.

Invest to Save Initiatives

- 5.5 The Invest to Save Initiatives earmarked reserve held within the DSG reserves is £0.835m. This comprises of underspends carried forward from 2018-19 and 2019-20 of £0.636m and £0.199m respectively. To date £1.867m expenditure is forecast to be committed in 2020-21 and this includes the Sandgate Early Intervention Programme and Greengate Junior Alternative Provision in Schools totalling £0.209m (as shown in the budget monitoring at Q1 against the HN Invest to Save budget) and the continuation of other invest to save initiatives agreed in 2018-19 and 2019-20 totalling £1.658m, the spend of which is included in the Q1 forecast expenditure against the relevant budget lines (Special Schools, PRUs and HN top-ups). The projected forecast expenditure of £1.867m in 2020-21 will be funded from the Invest to Save reserves of £0.835m and £1.032m from the additional HN block funding made available in 2020-21.
- 5.6 Appendix 2 to this paper shows that the total budget allocated to Invest to Save Initiatives was £2.493m which comprises £0.969m received in 2018-19 and a further £0.969m in 2019-20 together with £0.555m transferred into HN Block from Schools Block as agreed by Schools Forum at its meeting on 16th January 2019. Total forecast expenditure against this budget as at Q1 is £3.525m and total savings achieved are £3.173m comprising of £0.463m in 2018-19, £1.150m in 2019-20 and projected saving of £1.561m in 2020-21.
- 5.7 The forecast expenditure as at Q1 exceeds the savings achieved to the same period by £0.352m. As previously reported, the anticipated savings for the some of the invest to save initiatives are not immediate but are expected to have an impact in future years. For example, the Sandgate early intervention project and the 2 new AP centres in the North and South of the County are expected to increase the number of children that are able to remain in mainstream education and reduce the number of pupils being

permanently excluded resulting in a reduction in the use of high cost independent sector placements and other alternative education arrangements.

6.0 OPTIONS

6.1 The Schools Forum is recommended to note the contents of this paper and the current projection for the High Needs Recovery Plan.

7.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

7.1 Resource and value for money implications are considered throughout this paper. The Dedicated Schools Grant central reserve closed the 2019-20 financial year with a deficit of £6.991m, comprising of a deficit against the HN block of £11.022m and a surplus against other DSG of (£4.031m). Based on the projections for 2020-21 found at Appendix 1 there is significant budget pressure in 2020-21 with the projected in year overspend on the HN Block predicted to be £4.169m. However, this overspend is offset by a predicted underspend against other DSG budgets of (£0.096m) giving an overall projected DSG balance to carry forward as at 31st March 2021 of £11.064m.

7.2 In 2020-21 the DSG conditions of grant requires any local authority with an overall deficit on its DSG account at the end of the 2019-20 financial year to co-operate with the DfE and provide information when requested by the DfE on its plans for managing the DSG account.

8.0 CONCLUSION

8.1 The Schools Forum is asked to note this report which sets out the projected outturn as at Q1 against the HN budget which is predicted to overspend by £4.169m.

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15th October 2020

Accompanying Documents:

Appendix 1 – High Needs Budget 2020-21 Q1

Appendix 2 – Invest to Save Initiatives Q1

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