

SCHOOLS FORUM

Meeting date: 21st October 2020

**From: Daniel Barton
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HIGH NEEDS BLOCK RECOVERY PLAN

1.0 EXECUTIVE SUMMARY

1.1 This paper provides an update on the progress made on the High Needs (HN) Block Recovery Plan following confirmation of the provision HN Block allocations for 2021-22 and meeting with the DfE on 23rd September 2020.

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 is recommended to note the contents of this paper and provide feedback on the progress made on the HN Recovery Plan to date.

4.0 BACKGROUND

4.1 Last year, as the closing deficit on the overall DSG at the end of 2018-19 of £3.841m was more than the 1% threshold set by the DfE the LA was required to submit a deficit recovery plan to the DfE for review by 30th June 2019.

4.2 The submitted plan showed that it was not possible to balance the budget in-year within the timescale stipulated by DfE of three years and the HN deficit was predicted to continue to increase despite a number of invest to save initiatives, as summarised in the following table:

| | 2019-20 | 2020-21 | 2021-22 |
|--|----------------|----------------|----------------|
| | £ | £ | £ |
| Projected HN Block in-year pressure before savings applied | £5.716m | £7.413m | £8.411m |
| Spend to Save Initiatives | (£1.658m) | (£0.809m) | (1.470m) |
| Projected HN Block in-year pressure after savings applied | 4.058m | 6.604m | 6.941m |
| DSG Deficit Brought Forward | 3.841m | 7.899m | 14.503m |
| Projected DSG balance | 7.899m | 14.503m | 21.444m |

- 4.3 Since the plan was submitted there have been a number of updates to it and LA officers met with the DfE last week to discuss the latest version which can be found at Appendix 1.

HN Recovery Plan - budget assumptions

- 4.4 The plan has been updated to reflect the increase in HN Block funding in 2020-21 and includes the transfer in of £1.511m from the Schools Block. The HN budget for 2021-22 reflects the HN Block provisional allocation as announced by the DfE in July and includes estimated special school pupil number growth, adjustments to academy recoupment for HN places and the roll in of the Teachers Pay Grant (TPG) and Teachers Pension Employers Contribution Grant (TPECG) for special schools and PRUs.
- 4.5 For 2022-23, the DfE have not yet announced the split of the additional funding available at a national level of £2.3bn between the Schools Block and High Needs block, however the plan assumes the funding increase will be a minimum of 8% per head of aged 2-18 year old population. Pupil number growth has also been factored in. In future years beyond 2022-23 the plan assumed no further increases in funding available. These figures are indicative and will be updated once the final allocations for each year are confirmed.
- 4.6 The budget figures, which are net of academy, free school and FE colleges recoupment for HN places, do not assume any further transfers from the Schools Block as any decision on this will be subject to consultation with schools and Schools Forum approval.

HN Recovery Plan Expenditure

- 4.7 For 2020-21 the position is as reported in Q1 monitoring which predicts and in year overspend of £4.169m after taking into account the invest to save initiatives. The forecast includes the latest projected forecast spend based on actual ECHP top-up costs for individual pupils in schools and early years provision and year on year growth based on the current trend of approximately 10% per year. The projected expenditure on Independent Day, Residential, Post-16, Extra District and Education Otherwise is based on actual cost of placements for current children and estimated growth. Expenditure on Resourced Provision units in schools assumes that the baseline budget for 2019-20 will be fully utilised and allows for additional places to be created to meet demand in the right geographical areas.

- 4.8 The special school and PRU budgets allow for the roll in of the TPG and TPECG in the HN Block which will be allocated on a per place basis and will be no less than the amounts received in 2020-21.

Invest to Save Initiatives

- 4.9 The invest to Save Initiatives have been updated to reflect the revised planned opening dates for the two new AP Centres of September 2021 (North) and January 2022 (South) creating an additional 80 AP/SEMH places. The impact of these additional places are not expected to achieve savings against the cost of independent placements until 2025-26 onwards.
- 4.10 It has also been updated to include the further expansion of Sandgate Special School to raise the number of places to 120 by November 2020 ahead of the co-location with Queen Katherine School. A gradual increase in places to meet demand for specialist places has already achieved significant savings as pupils would have otherwise been directed to independent specialist placements.
- 4.11 Lastly, the Alternative Provision in Schools pilot at Greengate Junior which aims to improve SEMH pupil outcomes and reduce the number of pupils at risk of permanent exclusion and has been factored in. A supporting narrative of the impact of all the Invest to Save Initiatives to date is provided at Appendix 2.
- 4.12 The plan at Appendix 1 shows the position on the HN block before and after the impact of the invest to save initiatives and the overall projected deficit balance on the DSG is summarised in the table below:

| | 2020-21 | 2021-22 | 2022-23 |
|--|----------------|----------------|----------------|
| | £ | £ | £ |
| Projected HN Block in-year pressure before savings applied | £6.200m | £5.033m | £3.097m |
| Spend to Save Initiatives | (£2.031m) | (2.791m) | (£4.041m) |
| Projected HN Block in-year pressure after savings applied | 4.169m | 2.242m | (£0.944m) |
| Projected net underspend against other DSG after transfers to EMRs | (£0.095m) | £0.000m | £0.000m |
| DSG Deficit Brought Forward | 6.991m | 11.064m | 13.306m |
| Projected DSG balance | 11.064m | 13.306m | 12.362m |

- 4.13 For 2020-21 it was expected that the HN Block deficit would increase because the full impact of the invest to save initiatives are not immediate but in future years. For 2021-22 the deficit is still predicted to be £2.242m however this is before any potential transfer from the Schools Block. Further invest to save initiatives include the potential to roll out the early invention programme pilot at Sandgate Special School cross all 5 special schools and further alternative provision in schools that can demonstrate a saving against the HN block.

Outcome of DfE Meeting

- 4.14 The DfE will continue to monitor our progress against the plan and have made a number of helpful suggestions worthy of further investigation including potential transfer from the Central School Services Block, review of special schools funding and an over time analysis of the drivers of growth in

demand for EHCPs and increasing complexity of need. The DfE has also recently produced a new DSG management plan template which LAs with DSG deficits are being encouraged to use to present their plans at Schools Forum meetings as an evidenced-based tool. It will be a live document and updated at least termly and it is intended that it will be presented before the January 2021 meeting.

6.0 OPTIONS

- 6.1 The Schools Forum is recommended to note the contents of this paper and the current projection on 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 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 and provide feedback on the progress made on the HN Recovery Plan.

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15th October 2020

Accompanying Documents:

Appendix 1 – High Needs Recovery Plan
Appendix 2 – Invest to Save Initiatives narrative

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