

SCHOOLS FORUM

Meeting date: 9 June 2021

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

HIGH NEEDS BLOCK OUTTURN 2020/21

1.0 EXECUTIVE SUMMARY

- 1.1 *This paper presents the outturn position on the High Needs (HN) block budget which overspend by £3.528m resulting in a cumulative HN block deficit of £14.550m as at 31 March 2021.*

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 the 2020/21 outturn position on the HN Block budget.*

4.0 BACKGROUND

- 4.1 As previously reported to Schools Forum at its meeting on 13 January 2021 the forecast cumulative deficit on the HN Block as at Q2 was £15.131m and as reported more recently to Cabinet on 18 March 2021 the forecast position as at Q3 was a cumulative deficit of £15.002m which was (£0.180m) lower than the forecast in the High Needs Recovery Plan.

5.0 BUDGET REVISIONS

- 5.1 Since the Q2 report there have been no further adjustments to the HN Block funding. The table below shows the HN block budget as at 31 March 2021:

	2020/21
	£m
High Needs allocation before recoupment for place funding in academies and FE institutions	48.339
Less recoupment for high needs places in academies and FE institutions	(3.956)
Transfer from Schools Block	1.511
Initial Budget	45.894
DfE Recoupment adjustment for HN places	0.076
Import/Export Adjustment for HN pupils	0.045
Total High Needs Budget	46.015

6.0 **OUTTURN**

6.1 Performance against the HN 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.

6.2 The table below presents the actual outturn against the budget:

Description	Budget	Outturn	Outturn Variance	Previous Qtr Variance	Change in Variance
	£m	£m	£m	£m	£m
Special Schools - High Needs	10.078	10.349	0.271	0.270	0.0
Schools -Resourced Provision	0.742	0.642	(0.099)	(0.103)	0.003
Independent & Other Placements	6.675	7.557	0.882	1.348	(0.467)
Central SEN (Equipment, BVI, Audio etc)	0.151	(0.099)	(0.250)	(0.185)	(0.065)
SEND Residential Placements	3.576	3.924	0.348	0.213	0.134
High Needs - Invest to Save	0.0	0.281	0.281	0.209	0.071
High Needs - Top Up	10.906	12.324	1.418	1.508	(0.090)
High Needs - Post 16	3.623	4.110	0.487	0.526	(0.039)
Targeted SEN Funding	1.428	1.428	0.0	0.0	0.0
Virtual School	0.330	0.330	0.0	0.0	0.0
Area Inclusion Teams	2.499	2.490	(0.009)	(0.014)	0.006
PRU Budgets	5.960	6.160	0.20	0.207	(0.007)
Mobility and Independence Contract	0.020	0.020	0.0	0.0	0.0
Share of de-delegated (special schools)	0.028	0.028	0.0	0.0	0.0
Total DSG to transfer to DSG central reserve	46.015	49.543	3.528	3.980	(0.452)

This shows that there was an overspend of £3.528m as at 31 March 2021 increasing the HN Block Deficit to £14.550m as the below table demonstrates:

	£m
HN Block Deficit Brought Forward from 2019/20	11.022
Actual 2020-21 in-year overspend	3.528
Actual HN Block Deficit as at 31 March 2021	14.550

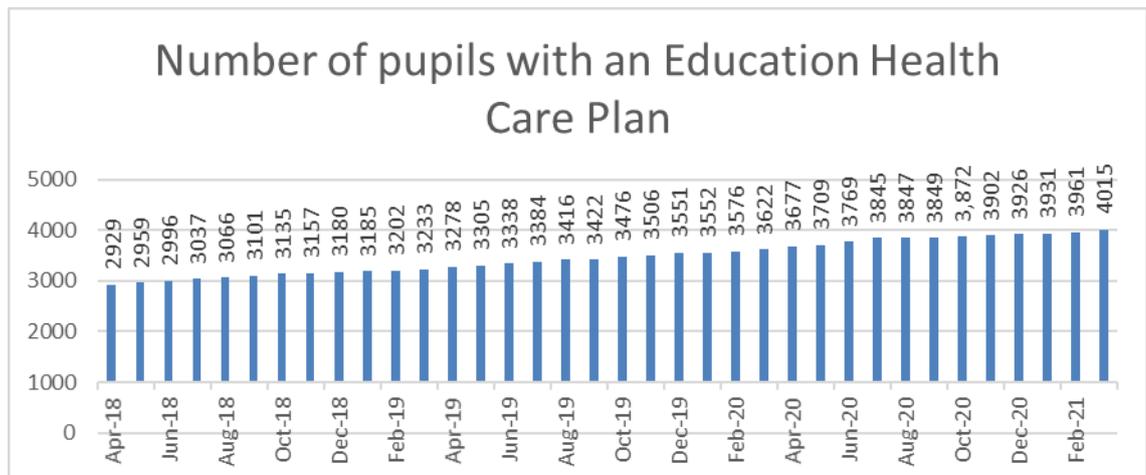
6.3 The outturn represents a net reduction in pressure compared to the Q3 forecast of (£0.452m). In terms of the pressure against the budget of £3.528m in 2020/21, the key variances were:

- EHCP top-ups for pupils in mainstream schools and Early Years Providers £1.418m. This represents a decrease of (£0.090m) compared to the forecast at Q3.

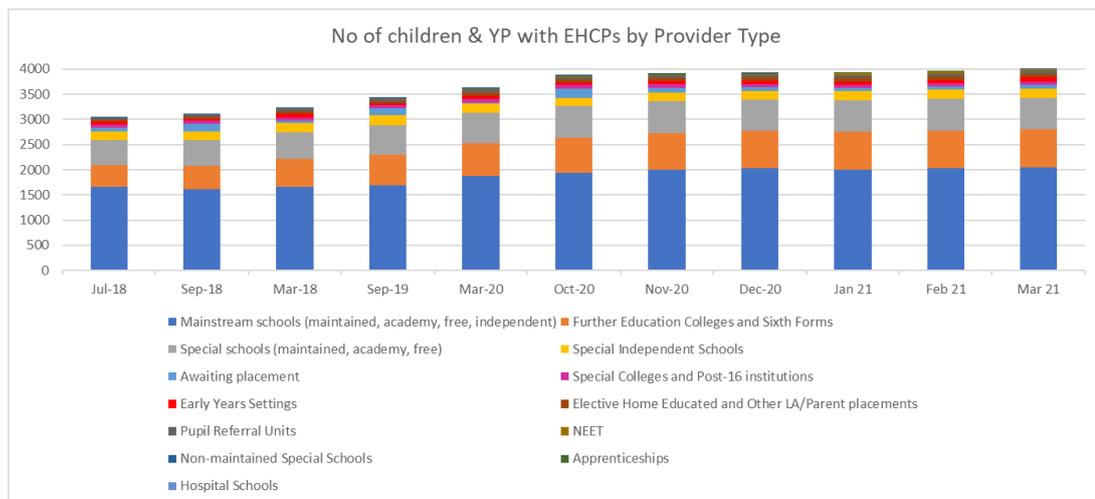
- Specialist Independent Day & Other Placements £0.882m. This represents a decrease of (£0.467m) compared to the forecast at Q3. The overall number of independent placements is unchanged compared to Q3 at 103. There has been 3 new and 3 ended placements and removal of provisions representing a decrease of (£0.106m). The overall Education Otherwise numbers have reduced by 4 from 70 to 66 compared to Q3. There are 8 new placements and 10 re-instated placements offset by 6 ended placements and provisions for 16 placements removed representing an overall decrease of (£0.158m). There has been a reduction of 5 Extra District placements and one new placement reducing the overall total number of placements from 32 to 28 compared to Q3 and provisions removed across various other placements representing movement of (£0.107m). In addition (£0.005m) in AWPU clawbacks from schools and transfer in of pupil premium looked after children grant (£0.049m) and teacher pension grant of (£0.042m) has been received since the Q3 forecast.
- Post-16 EHCP top-ups and independent specialist placements £0.487m. This represents a decrease of (£0.039m) compared to the forecast at Q3. This is due to 3 new placements and 1 additional support package backdated to September 2020 £0.109m offset by revised forecasts against various placements totalling (£0.069m), contributions from Adult Social Care (£0.073m) and teacher pension grant of (£0.006m).
- Residential Placements £0.348m. This represents an increase of £0.134m compared to the Q3 forecast. The overall number of residential placements has increased from 52 to 55 compared to Q3. There have been 6 new placements offset by 3 ended placements resulting in a net increase of £0.234m. This is offset by a transfer in of pupil premium looked after children grant of (£0.085m) and teacher pension grants of (£0.015m).
- High Needs Invest to Save Initiatives £0.281m this represents an increase of £0.071m compared to Q3 relating to Greengate Junior School Alternative Provision programme. As agreed by Schools Forum this pressure will be funded from the additional HN funding balance held in the DSG Central reserves.
- Special Schools £0.271m. The outturn is unchanged compared to the forecast at Q3 and the pressure relates to amended and new EHCP top-ups.
- Central SEN (£0.250m). The underspend, which represents an increase of (£0.065m) compared to the Q3 forecast relates to pupil exclusion clawbacks from schools (£0.275m) offset by SEND equipment purchases £0.096m and other central SEND costs totalling £0.80m.
- The remaining balance relates to individually non-material variances totalling a net pressure of £0.091m representing an increase of £0.004m compared to Q3.

6.4 The pressure against the HN Block continues to be due to specific budget pressures relating to the growth in demand for Education Health Care Plans

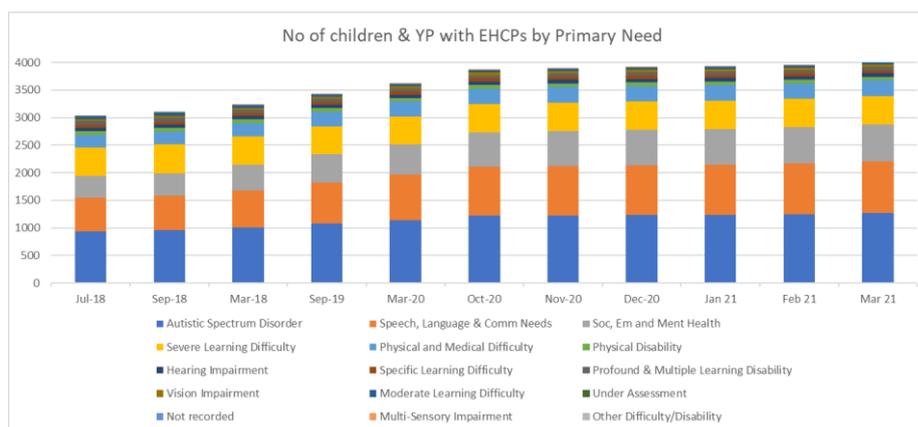
(EHCPs) for children and young people with SEN which has continued to rise month on month increasing by a total of 1,086 from 2,929 as at April 2018 to 4,015 as at March 2021 as the following chart demonstrates:



6.5 Whilst the number of children and young people with EHCPs has risen significantly the distribution across provider types has remained relatively unchanged with the majority (71% as at March 2021) being educated in mainstream schools and colleges as the below chart demonstrates:



6.6 As shown below as at March 2021 the majority of children and young people with an ECHP have Autism (32%), Speech, Language and Communication (SLC) (23%) and Social, Emotional and Mental Health (SEMH) (17%) recorded as their primary need. Proportionately, Autism has increased by 1%, SLC has increased by 3% and SEMH by 4% and Severe Learning Difficulties which represents 13% of the total has reduced by 4% over the same time period.



6.7 Since 2018-19 a significant proportion of the HN Block funding has been 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 funding 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 on a national level. Nor does it adequately recognise the significant additional investment required to increase the in-house capacity for specialist places resulting in pupils being placed in expensive independent settings. In recognition of this, the DfE have provided additional HN funding in 2019/20 and 2020/21, however, it still does not recognise the year on year growth in demand for SEND services which first started following the Children and Families Act 2014 SEND reforms. It is also expected that the impact of school closures and lockdown due to COVID19 will result in a spike in the number of pupils requiring additional SEND support.

6.8 In December the DfE issued the DSG allocations for 2021/22 and the HN Block will increase by £5.136m. Cabinet members agreed, as recommended by Schools Forum, to transfer 0.5% equating to £1.558m from the Schools Block to HN Block in 2021/22. However, despite the increase in funding there is still predicted to be a budget gap with the HN recovery plan predicting that the cumulative deficit will rise to £15.234m in 2021/22 after taking into account a £1.558m transfer to Schools Block and the actual HN Block cumulative deficit as at 31 March 2021 of £14.550m.

Invest to Save Initiatives

6.9 The outturn against the Invest to Save Initiatives is a pressure of £1.104m. The below table summarises the position:

Description	2018-19		2019-20		2020-21		Total	
	Expenditure	Saving	Expenditure	Saving	Expenditure	Saving	Expenditure	Saving
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expansion Special School Places:								
Mayfield - 20 places from Sep 18	116,667	50,303	200,000	523,952	200,000	523,952	516,667	1,098,207
Sandgate - 7 places from Sep 18 inc accommodation	59,433	131,193	94,800	332,110	94,800	332,110	249,033	795,414
Sandgate - 13 places from Sep 19			75,833	227,848	159,167	729,755	235,000	957,603
Sandside Lodge - 12 RP places from Sep 18	70,000	44,363	120,000	163,034	120,000	163,034	310,000	370,430
Sandside Lodge - exceptional package	10,374	18	66,076	23,924	-	-	76,450	23,906
Sandgate - exceptional packages	73,289	231,395	75,578	304,323	75,578	304,323	224,445	840,041
Greengate Juniors - bespoke package	3,311	5,319	34,528	55,472	14,387	23,113	52,226	83,904
Gillford PRU - exceptional packages			56,203	86,000	75,000	86,000	131,203	172,000
Early Intervention - Sandgate School wef Sep 19			75,135	75,135	123,385	123,385	198,520	198,520
South and North AP Centres Backfill			313,000	313,000	319,260	319,260	632,260	632,260
Cumbria Autism Academy exceptional packages			32,586	2,414	32,586	19,500	65,172	21,914
Alternative Provision in Schools - Greengate Junior					157,446	35,817	157,446	35,817
South and North AP Centres Wave 1 & 2 Recruitment			181,112	181,112	504,539	504,539	685,651	685,651
Sandgate - additional 15 places from Nov 20					62,500	154,167	62,500	154,167
Total Committed	333,074	462,556	1,324,852	1,149,830	1,938,648	1,424,587	3,596,575	3,036,973
Budget (additional HN and School Block transfer)	968,812		1,523,811				2,492,623	
Balance Remaining	635,738		198,959		- 1,938,648		- 1,103,952	

6.10 The earmarked reserve for invest to save initiatives 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. Actual expenditure of £1.939m was incurred in 2020/21 against which savings of (£1.425m) were achieved.

6.11 The actual expenditure exceeds the savings achieved to the same period by £0.560m. 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, Greengate Junior Alternative Provision (AP) 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.

6.12 Over the last 3 years, the total funding allocated to Invest to Save Initiatives was £2.493m which comprised of £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 actual expenditure as at 31 March 2021 is £3.597m and total savings achieved are (£3.037m) comprising of (£0.463m) in 2018/19, (£1.150m) in 2019/20 and (£1.425m) in 2020/21.

6.13 The Invest to Save Initiatives continue to be monitored against HN Recovery Plan. A number of the investments including the expansion of special school places to meet the increased demand for specialist places has resulted in cost avoidance as these pupils would otherwise have been directed to independent special schools. An evaluation report has been received for the Early Intervention Programme at Sandgate and pupil trajectories will continue to be closely monitored against the invest the invest business case. The Greengate Junior AP has been slightly set back due to the impact of COVID19 however local authority officers continue to work closely with the school and are looking to develop the provision further to include KS1 pupils. The impact in terms of pupil outcomes and performance against the invest to save business case of the 2 new AP centres in the North and South will also be closely monitored once they become operational.

7.0 HIGH NEEDS RECOVERY PLAN 2021/22

- 7.1 Since the latest version of the HN Recovery Plan was presented to the DfE the number of children with EHCPs has continued to grow and as such the demand for specialist places is still rising. Work on updating the High Needs Recovery has been somewhat held back due to responding to the financial challenges presented by the COVID19 pandemic however is in the process of being updated with a view to being incorporated into the new DfE DSG Management Plan template.
- 7.2 A follow up meeting with the DfE to discuss the progress of the plan is expected shortly after which a report and updated plan will be presented to Schools Forum.

8.0 OPTIONS

- 8.1 The Schools Forum is recommended to note the contents of this paper and the outturn position on the HN Block budget resulting in a carry forward cumulative deficit as at 31 March 2021 of £14.550m.

9.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

- 9.1 Resource and value for money implications are considered throughout this report.

10.0 CONCLUSION

- 10.1 The Schools Forum is asked to note this report which sets out the outturn against the HN budget in 2020/21.

Dan Barton
Assistant Director, Education & Skills

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REPORT AUTHOR

Contact:

Amanda Chew

Finance Manager – Education & Skills

Accountancy & Financial Planning

Finance Directorate

Email: amanda.chew@cumbria.gov.uk