

Report to:	SCHOOLS' FORUM
Date:	16 July 2020
Reporting Officer:	Tom Wilkinson – Assistant Director, Finance Tim Bowman – Assistant Director, Education
Subject:	HIGH NEEDS FUNDING UPDATE 2020-21
Report Summary:	A report of the High Needs budget position and update on the High Needs Review.
Recommendations:	Members of the Schools' Forum are requested to note and support the contents of the report.
Corporate Plan:	High Needs Funding significantly supports the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood.
Policy Implications:	In line with financial policy and framework.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>The Dedicated Schools Grant is a ring fenced grant provided by the Department for Education (DfE) solely for the purposes of schools and pupil related expenditure.</p> <p>The out-turn position for 2019-20 resulted in spend in excess of funding of £4.569m and has resulted in a deficit on the overall DSG for the first time, of £0.557m. The current projection for 2020-21 is expected to increase this overall deficit on the DSG to over £5.311m</p> <p>The overspending position on the DSG grant is wholly related to High Needs spending.</p>
Legal Implications: (Authorised by the Borough Solicitor)	<p>The Education Skills and Funding Agency (ESFA) makes an allocation to local authorities for high needs as part of the Dedicated Schools Grant to provide support to meet the Council's responsibilities for children and young people with SEND under the Children and Families Act 2014, and for those who need alternative provision (including hospital education).</p> <p>The High Needs Funding: 2020 to 2021 Operational Guide was issued by the ESFA in February 2020 which sets out the changes to the 2020 to 2021 High Needs funding system which is predominately related to place and top up funding. The national funding formula and underpinning operational processes and principles remain largely unchanged.</p> <p>The Council is responsible for administering the grant in accordance with the ESFA guidance.</p>
Risk Management:	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. The Council is responsible for the effective administration and management of the DSG. The current deficit and expected increase in the size of the deficit by the end of 2020-

21 will require the Council to implement a deficit recovery plan with the risk that this may impact on the effective support and education of our most vulnerable children.

Access to Information: **This report does not contain information which warrants its consideration in the absence of the press or members of the public.**

Background Information: The background papers relating to this report can be inspected by contacting Christine Mullins, Finance Business Partner:



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1. INTRODUCTION

- 1.1 The following report updates members on the 2019-20 out-turn position against the High Needs Budget and also gives an update on the High Needs Budget position for 2020-21 including work planned on the High Needs Review.

2. HIGH NEEDS BLOCK OUT-TURN POSITION 2019-20

- 2.1 As discussed at previous Schools' Forum meetings, the high needs block budget was under significant pressure throughout 2019-20. This was due to continuing growth in both complexities of need and the number of EHCP's issued. As a result there was an in year overspend against this budget of £4.569m.
- 2.2 The overspend of grant has been funded by fully utilising the final DSG reserves available at the end of 2019-20 of £4.012m which now leaves a deficit against the overall DSG of £0.557m at the end of 2019-20.
- 2.3 The expected out turn position set at the start of the financial year, when the budget was set, did indicate an in year shortfall of funding of £5.507m. This compared to the final overspend (funding shortfall) of £4.569m, due mainly to a slight slowing in growth in the spring term and some additional grants allocated in year.
- 2.4 Table 1 - demonstrates the final spend against the original budget across all sectors and demonstrates the areas affected by the in-year growth:

High Needs Budget Position	2019-20 Original Forecast £000	2019-20 Final Out Turn £000	2019-20 Variance £000	% Change
Mainstream	1,877	2,452	575	30.63%
Special	9,440	10,416	976	10.35%
TRPS	2,538	2,547	9	0.36%
Resourced Units	127	165	38	30.17%
Independent Schools	2,105	3,077	972	46.19%
NMSS	391	353	(38)	-9.69%
OOB (Pre 16)	721	881	160	22.17%
Post 16	2,448	2,442	(6)	-0.24%
Hospital Education	75	58	(17)	-23.25%
SEN Support Services	1,841	1,847	6	0.28%
Income OOB	(250)	(349)	(99)	39.49%
Total Spend	21,313	23,889	2,576	
Original Funding	20,337	20,265	(72)	
Academy Recoupment	(1,462)	(1,462)	0	
Additional Pressures Funding	517	517	0	
Total Funding	19,392	19,320	(72)	
Overspend before Balance b/wd.	(1,921)	(4,569)	(2,648)	

Projected in Year Growth:				
Summer Term Real Time	1,662	0		
Autumn Term Real Time	1,099	0		
Spring Term Real Time	825	0		
Total Growth	3,586	0		
Projected Overspend at Year End (Before Reserves)	(5,507)	(4,569)		
DSG Reserves	3,228	4,012		
Projected Overspend at Year End (after Reserves)	(2,279)	(557)		

3. IMPORT / EXPORT MOVEMENT AFFECTING HIGH NEEDS FUNDING 2020-21

- 3.1 The majority of the High Needs funding formula are designed to allocate funding to Local Authorities (LA's) to support pupils who live in the area, regardless of where they are educated.
- 3.2 However, where LA's attract more pupils who live outside the area into their schools and colleges, they will face higher costs (and these pupils are counted as imports in the formula calculation). Conversely, where an LA 'export's' pupils they will face lower costs. Hence, the LA budget is adjusted for Imports and Exports.
- 3.3 Table 2 below shows the High Needs funding available for 2020-21. This allocation has been updated at June 2020 to reflect final institution level allocation decisions, import and export adjustments and special free school adjustments.
- 3.4 This has resulted in a further reduction in funding of £0.198m. Tameside is a net exporter of high needs places as the latest data collection shows we have 181 pupils attending out of borough institutions and 68 pupils coming into our schools and colleges, therefore net 113 places. This is an increase compared to 80 net places in 2019-20.
- 3.5 Table 2 - High Needs Funding Allocation update at June 2020:

	2020-21 Original Allocation	2020-21 Revised Allocation	Diff
Initial Allocation	25,079	25,079	0
Less Import / Export	(480)	(678)	(198)
	24,599	24,401	(198)
Less Recoupment	(1,630)	(1,630)	0
Funding Available	22,969	22,771	(198)

4. CURRENT BUDGET PROJECTION 2020-21

- 4.1 The high needs budget continues to be under significant pressure in 2020-21. Even with increases in funding of around 18% (as detailed at the February 2020 Schools' Forum meeting) compared to 2019-20, this area of the budget is still forecasting an in year deficit of £2.683m. The projection includes estimated growth in demand at £2.971m (which is discussed in more detail in Section 5). Taking into account this growth, the deficit on the DSG of £0.557m brought forward from 2019-20 and the Schools Block transfer into High Needs Block of £0.850m would still leave a projected deficit on the overall DSG budget of £5.361m.

4.2 Table 3 below demonstrates the overspend against the funding available for 2020-21:

High Needs Budget Position	2020-21 Original Budget £000
Mainstream	2,662
Special	11,099
TRPS	2,560
Resourced Units	155
Independent Schools	3,139
NMSS	374
OOB (Pre 16)	1,064
Post 16	2,855
Hospital Education	82
SEN Support Services	1,822
Income OOB	(358)
Total Spend	25,454
Original Funding	24,401
Academy Recoupment	(1,630)
Total Funding	22,771
Overspend before Overspend bfwd & Growth	(2,683)
Projected in Year Growth:	
Summer Term Real Time	1,238
Autumn Term Real Time	990
Spring Term Real Time	743
Total Growth	2,971
High Needs Block - Projected Overspend at Year End (Before Overspend bfwd & Block Transfer)	(5,654)
0.5% transfer Schools Block	850
High Needs Block In Year 2020-21	(4,804)
DSG Overspend bfwd from 2019-20	(557)
DSG - Schools Block In Year Reserve 2020-21	50
Projected Overspend at Year End (after Reserves)	(5,311)

5. INCREASE IN DEMAND FOR HIGH NEEDS SUPPORT (“GROWTH”)

5.1 Initial timeline information provided by the SEN Team for the first few months of the financial year has shown growth in the number of EHCP’s being issued is continuing at a similar level to the end of the 2019-20 financial year. Tameside bucked the trend at the start of lockdown alongside other GM Authorities; Tameside experienced an 11% growth in numbers of requests for statutory assessment whilst all other GM authorities saw a drop in number of requests. We do not yet know how this will affect the rate over the whole year.

5.2 In 2019-20 the number of EHCP'S supported increased by 303 (19%). At this time the average increase in plans was around 30 per month. Latest figures do show growth may have slowed slightly to around 24 new plans per month but this would still result in further growth of approximately. 280 plans in the 2020-21 financial year and it is estimated this growth would cost around £2.971m.

5.3 Table 4 – Projected Growth in EHCP's included in High Needs Budget:

EHCP pupils as % of total pupils	No of Plans	Yearly Increase in Plans	(1) % Increase in Plan No' S	Mid-2019 age 2-18 ONS population projection	(2) % of EHCP'S compared to all pupils
EHCP's funded April 2018	945			47,002	2.01%
EHCP's funded April 2019	1,267	322	25%	47,002	2.70%
EHCP's funded April 2020	1,570	303	19%	47,002	3.34%
EHCP's Projected March 2021	1,850	280	15%	47,002	3.94%

5.4 Work is continuing in this area of the budget in order to analyse and project future growth as accurately as possible and understand why Tameside is experiencing these levels of growth.

5.5 Work has also started on the High Needs Review as identified in the SEND Implementation Plan and it is expected the Growth projections will need to take aspects of this review into account, in particular:

- The review of Top Up Rates;
- Resourced and Specialist Provision across the Borough; and
- Capacity to meet need and demand for places in special schools, independent and out of borough providers.

5.6 Any costs or savings arising from this work has not as yet been factored into the High Needs budget projections as we do not have sufficient information regarding the implementation of any of these work plans.

6. HIGH NEEDS REVIEW UPDATE

6.1 The SEND Forward Plan document identified a number of priorities in terms of the high needs review and work has started on these.

6.2 One of the areas identified for review is the 'top up' rates that are currently used to allocate funding to mainstream schools, special schools and resourced units.

6.3 The current rates (attached at **Appendix 1** below) have been in place since the DfE introduced the 'Place Plus' high needs funding model a number of years ago.

6.4 At the last School Funding Group in April 2020, the group started to scope the plan to review the top up rates and the following areas were discussed:

- Review the current funding model and gain an understanding of how it is calculated initially;
- Understand costs involved from schools in supporting pupils with specific needs;

- Research other models across GM (Tameside LA has had some very early discussion with Stockport LA regarding some joint working on this project). Some LA's have moved away from funding primary need to a more banded approach to funding;
- Review benchmarking data across GM;
- Establish principles for the new model; and
- Identify and agree new or revised funding model.

6.5 The project will be a joint project led by both the SEN Team and the Finance Team; this will involve engagement, consultation and liaison with all affected parties including head teachers, business managers, Governors, SENCOS as well as Parent and Parents Forums.

6.6 Work will need to start immediately and should be completed by the end of this financial year with the aim of introducing the new rates from April 2021.

7. RECOMMENDATIONS

7.1 As set out at the front of the report.

APPENDIX 1

Category	Description	BOLD
PMLD-1	Profound and Multiple Learning Difficulties Level 1	£12,754
PMLD-2	Profound and Multiple Learning Difficulties Level 2	£19,131
PMLD-3	Profound and Multiple Learning Difficulties Level 3	£32,752
ASC-1	Autism Spectrum Condition Level 1	£11,479
ASC-2	Autism Spectrum Condition Level 2	£17,218
ASC-3	Autism Spectrum Condition Level 3	£31,477
SLD-1	Severe Learning Difficulties Level 1	£10,203
SLD-2	Severe Learning Difficulties Level 2	£15,305
BESD-1	Behavioural, Emotional and Social Difficulties Level 1	£9,566
BESD-2	Behavioural, Emotional and Social Difficulties Level 2	£14,348
BESD-3	Behavioural, Emotional and Social Difficulties Level 3	£21,522
MLD-1	Moderate Learning Difficulties Level 1	£5,102
MLD-2	Moderate Learning Difficulties Level 2	£7,652
PRU-1	Pupil Referral	£8,000
RB_MLD	Primary MLD Resource Base	£3,500
4025-SENSORY	Council Managed Sensory Service	£0
2070-SENSORY	Council Managed Sensory Service	£0
3325-CLASS	Council Managed CLASS Service	£0
4603-CLASS	Council Managed CLASS Service	£0
TMBCMAIN-1	TMBC Mainstream Band 1	£1,317
TMBCMAIN-2	TMBC Mainstream Band 2	£2,635
TMBCMAIN-3	TMBC Mainstream Band 3	£4,391
TMBCMAIN-4	TMBC Mainstream Band 4	£6,587