

Report to:	SCHOOLS FORUM
Date:	22 June 2021
Reporting Officer:	Caroline Barlow – Assistant Director of Finance Tim Bowman – Director of Education (Tameside and Stockport)
Subject:	HIGH NEEDS FUNDING UPDATE 2021-22
Report Summary:	A report of the High Needs out turn position for 2020-21 and update on the 2021-22 budget position and management of the High Needs Deficit.
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 2020-21 resulted in an overspend in excess of funding of £1.822m against the High Needs funding allocation, this is offset by a small DSG overall reserve of £0.136m leaving an overall DSG overspend of £1.686m. The current projection for 2021-22 is expected to see an in year deficit again on High Needs of £0.948m and along with some further surpluses on early years and schools block would leave an overall DSG deficit of £2.027m</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: 2021 to 2022 Operational Guide was issued by the ESFA in February 2021 which sets out the changes to the 2021 to 2022 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 although there is a high needs consultation underway, which could see changes to the funding formula in the future, the DfE is currently analysing responses.</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 2021-22 will be managed as part of the DSG Deficit Recovery plan and may affect 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 2020-21 out-turn position against the High Needs Budget and gives an update on the High Needs Budget position for 2021-22 including work planned on the High Needs Review and management of the DSG deficit recovery plan.

2. HIGH NEEDS BLOCK OUT-TURN POSITION 2020-21

2.1 The High Needs position for 2020-21 is now finalised and shows an in-year deficit of £2.673m. After the 0.50% schools block transfer of £0.850m this reduces to £1.822m.

2.2 This is an improved position both on the original projection and the revised projection at the end of December. The main reasons for this are;

- A slowing in the growth of the number of EHCPs; there have been reductions on both the numbers of EHCPs as well as cost of placements in both the independent and Post-16 sector
- Receipt of additional income and grants (relating to Pupil Premium, SEN Inclusion, Covid and increased income from OOB placements)
- A number of commitments outstanding from previous years where invoices had not been received from providers have been reviewed which resulted in a reduction of costs expected
- A service redesign and active management of service spend in SEN Support services has been carried out which has resulted in a reduction of costs along with some smaller savings.

2.3 Table 1 - demonstrates the final spend against the original budget across all sectors and demonstrates the areas affected by the in-year growth:

Table 1: High Needs Final Position 2020-21

High Needs Budget Position	2020-21 Original Budget April 20 £000	2020-21 Revised Budget Autumn 20 £000	2020-21 Final Spring Term £000	2020-21 Variance to Autumn £000	2020-21 Budget Variance to Final £000	% Change Budget to final
Mainstream	2,662	3,187	3,100	(525)	(438)	-16.45%
Special	11,099	11,535	11,532	(436)	(433)	-3.90%
TRPS	2,560	2,559	2,562	1	(2)	-0.08%
Resourced Units	155	184	181	(29)	(26)	-16.77%
Independent Schools	3,139	3,163	2,800	(24)	339	10.80%
NMSS	374	452	448	(78)	(74)	-19.79%
OOB (Pre 16)	1,064	1,043	1,010	21	54	5.08%
Post 16	2,855	2,763	2,411	92	444	15.55%
Hospital Education	82	82	70	0	12	14.63%
SEN Support Services	1,822	1,746	1,746	76	76	4.17%
Income OOB	(358)	(439)	(392)	81	34	-9.50%
Total Spend	25,454	26,275	25,468	(821)	(14)	-0.06%
Original Funding	24,401	24,425	24,425	(24)	(24)	
Academy Recoupment	(1,630)	(1,630)	(1,630)	0	0	
Total Funding	22,771	22,795	22,795	(24)	(24)	
In Year Position	(2,683)	(3,480)	(2,673)	797	(10)	

Projected in Year Growth:						
Summer Term Real Time	1,238	0				
Autumn Term Real Time	990	0				
Spring Term Real Time	743	179				
Total Growth	2,971	179	0			
Projected Overspend at Year End	(5,654)	(3,657)	(2,672)			
0.5% transfer Schools Block	850	850	850			
High Needs Block In Year 2020-21	(4,804)	(2,807)	(1,822)			

2.4 The projected deficit has reduced by £2.982m compared to the original projection and this can be seen in Table 2 below:

Table 2: High Needs Deficit Position

	Projection £000's	Difference £000's
Original Projected Shortfall	(4,804)	
Autumn Term Projection	(2,808)	1,996
Final Position	(1,821)	2,982

- 2.5 As summarised in point 2.2 there have been a number of reasons for the changing budget position but the main reason appears to be the anticipated growth is lower than expected both in the number of new EHCPs and the cost of placements.
- 2.6 It was identified mid-year that both the cost of growth and number of EHCPs was slowing and it is a combination of both of these factors that has contributed to the reduced spend. Although the number of EHCPs has grown, they have not grown at the level anticipated.
- 2.7 Across all sectors, total plans have increased from 1,570 to 1,724 but it was originally expected that numbers would increase to approx. 1,803. Work in October 2020 as part of the DSG recovery plan did include a revised projection of 1,730, which is in line with final EHCP numbers reported to Schools Forum in January 2021. This can be seen in Table 3 below.
- 2.8 Whilst numbers have increased in the mainstream and special sector, we have seen reductions in the numbers of students placed in the Independent Sector and Post-16 sector. The reduction can also be attributed to:
- The SEN Team challenging and reviewing the most costly placements
 - Movement within our cared for children cohort placed in education who have previously been attached to residential placement usually at a high cost.
 - A number of high-cost placements have been reviewed at the point of key stage transfer and young people have been transitioned back into borough.

Table 3: Analysis of Growth by number of EHCP's

Sector	Original 2020-21 EHCP No's	Projected 2020-21 EHCP No's	Final 2020-21 EHCP No's	Difference
Mainstream	509	545	580	71
Special	562	685	637	75
TRPS	17	23	39	22
Resourced Units	57	58	58	1
Independent	109	117	89	-20
NMSS	10	11	8	-2
OOB (Pre 16)	93	105	104	11
Post 16	213	259	209	-4
Totals	1,570	1,803	1,724	154

3. CURRENT BUDGET PROJECTION 2021-22

- 3.1 The high needs budget continues to be under significant pressure in 2021-22. Even with the growth slowing and stabilising and the increases in funding (as detailed at the January 2021 Schools Forum meeting) Tameside is still receiving a cap of 12% on its National Funding Formula allocation. The cap is £3.151m of funding allocated in the formula to the borough which Tameside does not receive a result of the capping applied.
- 3.2 The 2021-22 original budget is projecting an in-year deficit of £1.278m and a cumulative deficit of £2.964m. This is after the 0.50% schools block transfer of £0.878m. See Table 4 below for further details.
- 3.3 A number of savings are expected as part of the Deficit Recovery plan (these are discussed in more detail in section 4). The savings expected in 2021-22 will see the in-year deficit reduce to £0.948m by the end of 2021-22.
- 3.4 Initial estimates show some potential further surpluses on the early years and schools block which could result in an overall DSG deficit of £2.027m, as outlined in the agenda item Budget Update 2021-22.

Table 4: High Needs Forecast In Year Deficit 2021-22 before Savings

High Needs Budget Position 2021-22	2021-22 Original Forecast £000
Mainstream	3,015
Special	12,554
TRPS	2,702
Resourced Units	155
Independent Schools	2,564
NMSS	452
OOB (Pre 16)	1,132
Post 16	3,103
Hospital Education	88
SEN Support Services	1,865
Income OOB	(403)
Total Spend	27,227
Original Funding	28,277
Academy Recoupment	(1,854)
Total Funding	26,423
In Year Deficit Before Growth	(804)
Projected in Year Growth:	
Summer Term Real Time	662
Autumn Term Real Time	472
Spring Term Real Time	218
Total Growth	1,352
0.5% transfer Schools Block	878
High Needs Block In Year 2021-22 Deficit	(1,278)

4. DSG DEFICIT RECOVERY

- 4.1 The 2021-22 DSG conditions of grant, paragraph 5.2, requires any Local Authority with an overall deficit on its DSG account at the end financial year 2020-21, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the DfE for managing their future DSG spend.
- 4.2 The DSG Deficit Management Plan was submitted to the DfE In November 2020 and sets out the LA's proposed actions to address the deficit as well as capture elements of the High Needs Review. A summary of the actions discussed at Schools Forum in November are outlined below:
- Funding – Transfer between blocks, disapplication requests and funding cap assumptions
 - Review of services funded from the High Needs Block
 - Element 3 – Funding review
 - Resource bases
 - Building contracts and estates review
 - Growth and overcapacity Funding
 - Post 16 SEND Provision

- Tameside Pupil Referral Services (TRPS) and inclusive schools.

4.3 The Plan is currently being reviewed and an update will be brought to the next Schools Forum to reconsider the growth projections in light of the change in growth in 2020-21. A report has been commissioned with Edge-ucate to look at the projection in SEND need across the borough. The data provided needs some further review and analysis but the initial figures show that if assessments continue in their current form, Tameside could expect to see growth of 65% from 2020-21 to 2030-31.

However, the figures are based on atypical information. The projections are based on the past three years' information and at Tameside the growth has been behind the curve compared to most LAs. There has been an active drive to look at the review process and the timeliness and assessment for children, which has seen exponential growth since 2018 with plan numbers almost doubling. The increase since 2014 is 2.5 times higher, which shows the distortion of the recent years' growth. Therefore there is little trend data for us to rely on or for the company to project forward. This makes realistic financial modelling of any growth difficult. In addition, the SEN assessment team is facing significant capacity pressures, which means there are a number of plans that may need to be ceased; however, they do not have the staffing resources to carry out the reviews to cease the plans appropriately. There is a report to Elected Members regarding addressing staffing levels in the SEND team which is currently awaiting a decision.

4.4 The current growth figures are therefore based on the SEND team's best forecasts. These expect growth to stabilise, however we are as yet unsure of the impact that the pandemic may have on the numbers. There are also some delays in Post-16 numbers which will require a further piece of work. The figures and growth modelling will be revisited and assumptions updated throughout the year.

4.5 At meetings regarding the High Needs Deficit in Tameside and the impact of the funding cap, the LA has made representations to the DfE, outlining that the impact of the funding cap, and it is a significant factor in our ability to manage spend within the High Needs Funding envelope. DfE colleagues have noted our representations.

5. DEFICIT RECOVERY WORKPLANS

5.1 This section of the report provides Schools Forum with an update on work strands outlined in the deficit recovery submission.

5.2 Funding

For 2021-22, it was proposed, with Schools Forum approval, that a 0.5% transfer from the Schools Block would be made without the need for Secretary of State approval. A further transfer of 0.5% was requested to the Secretary of State, however approval was not granted for this second transfer so in 2021-22 there will only be a 0.50% transfer at £0.878m. This will increase the need for savings from the high needs spending.

5.3 Review of Services Funded from the High Needs Block

Initial work has identified some savings in SEN Support Services and these are covered above in section 2.2. Work is underway, which includes changes to staffing, and consultation surrounding these changes is being finalised. The areas under review include Sensory Support Services and Specialist SEND Support Services, it is expected that these will complete by summer 2021. Savings will be factored into the spending forecast as they are confirmed.

5.4 New Resource Bases

The Head of SEN has been consulting with schools and academies regarding establishing new Resource Bases. A number of schools have declared an interest. The plan includes

both opening new bases and increasing capacity within existing units which will see the number of places available within the borough increase by 40 this September 2021 with an additional 40 places next September 2022 and a further 40 places September 2023.

The next phase of this work is due to start imminently, which will include sharing the cost modelling with the schools involved in preparation for September 2021 opening.

5.5 Element Top Up Rate Review

A Matching Provision to Need (MPTN) document has been developed by the SEN team. There have also been some initial discussions with special schools and information has been gathered to help understand current provision. The SEN Team is carrying out further work to map current pupils and their current banding to the number bands identified in the MPTN tool. This work is still in the initial stages and further updates will be provided as this progresses. The agreed implementation date for the new bands is April 2022 and there are no changes to the funding bands for 2021-22.

5.6 Over Capacity Place Funding

An overcapacity paper has been approved by Schools Forum for consultation with special schools. The consultation will take place before the summer break and the outcome and findings will be reported back to Schools Forum in September 2021. The paper has recommended a 5% range of placements option and asked that this be shared with special schools for consideration.

Special schools have previously seen this proposal in summer 2019. At this time the proposal was stalled due to the significant increase in growth. Now that growth appears to have stabilised and additional SEND place-planning is being commissioned, the timing to implement is more appropriate.

6. SEN REVIEW

6.1 As part of the SEN Review announced by the DfE in September 2019, a first stage consultation was launched in February 2021 and ran to 24 March 2021.

6.2 The consultation forms the first stage of a longer-term review of the High Needs National Funding Formula. This review will be taken forward following the SEN review, and will consider how the distribution of High Needs funding can be improved, to achieve the highest quality support for the most vulnerable children and young people.

6.3 The DfE has stated that it is still analysing responses and a further update will follow on any outcome or changes to the funding formula for 2022-23.

7. RECOMMENDATIONS

7.1 As set out at the front of the report