

High Needs Report

Schools' Forum Date	17 th September 2020
Type of Decision	For information and decision
Background Documents	High Needs Strategy
Authors	Philip Haslett, Head of Education Strategy and Development
Purpose of Report	<ul style="list-style-type: none">• To provide an update on the high needs financial forecast for 2020/21.• To update on the key funding drivers for High Needs (EHCPs and Permanent Exclusion).• To update on funding for 2021/22 and the three year financial plan.• To outline options to reduce expenditure and agree next steps for consultation.
Key Recommendations	Recommendation: Members consider the proposed areas for consultation and agree those which they wish to be taken forward.
Resource Implications	The High Needs Block has been allocated an additional £6,418,000 for 2021/2022 and £1,097,000 to support the continuation of the teachers pay and pension grants. This provides a provisional High Needs budget of £73,890,000.

1. High Needs Budget 2020-21

- 1.1. At the June schools forum we set out the High Needs budget for 2020-2, assuming a continued rise in the level of need in the system, which would result in the number of Education Health and Care Plan's continuing to rise in line with previous years (circa 355). This resulted in a forecast overspend of £5,449,200 against the High Needs funding allocation of £67,253,100. A total high needs expenditure of £72,702,300.
- 1.2. The table below outlines the August forecast which is currently showing £306,700 reduction in expenditure compared to budget. A significant element of this is due to reduced costs of Alternative Provision as a consequence of no permanent exclusions during the summer terms, when schools were closed to the majority of children.

<u>High Needs Block</u>	Budget	Budget Adjustments	Revised budget	August Forecast	Variance to revised budget
	£000	£000	£000	£000	£000
Alternative provision - places & top ups	5,583.7	-5.8	5,577.9	5,312.4	-265.5
Alternative provision - Hospital Education	1,785.1	0.0	1,785.1	1,768.5	-16.6
EHCP Costs - College and FE	7,124.9	-1,970.0	5,154.9	5,218.9	64.0
EHCP Costs - Early Years	186.2	0.0	186.2	186.2	0.0
EHCP Costs - Primary	7,839.9	0.0	7,839.9	7,839.9	0.0
EHCP Costs - Secondary	4,013.2	0.0	4,013.2	4,013.2	0.0
Excluded pupils	-100.0	0.0	-100.0	-92.1	7.9
LA Services and staffing	3,870.9	43.0	3,913.9	3,894.9	-19.0
Independent Special Schools	15,115.0	0.0	15,115.0	15,115.0	0.0
Restorative Practice	200.0	0.0	200.0	204.0	4.0
Special Centres	696.1	-197.7	498.4	498.4	0.0
Special school provision	24,496.9	-6,140.0	18,356.9	18,356.9	0.0
Support Services	1,270.1	16.0	1,286.1	1,213.6	-72.5
Virtual School	620.3	0.0	620.3	611.3	-9.0
High Needs Unallocated/Deficit budget				5,503.2	5,503.2
	<u>72,702.3</u>	<u>-8,254.5</u>	<u>64,447.8</u>	<u>69,644.3</u>	<u>5,196.5</u>

1.3. Please note that:

- The budget adjustments are due to recoupment by the DfE for the funding of places in academies.
- Figures include the £882,000 schools block surplus that was agreed at the June 2020 Schools Forum.

2. Key Drivers

- 2.1. The number of EHCPs has continued to rise as forecast. At the 1st August 2020 there were 4,082 active EHCPs, which is a rise of 160 since January 2020.
- 2.2. Fig.1 shows the trends for new EHCPs and ceased plans by academic year and fig.2 shows the trends by gender by calendar year.

Fig.1

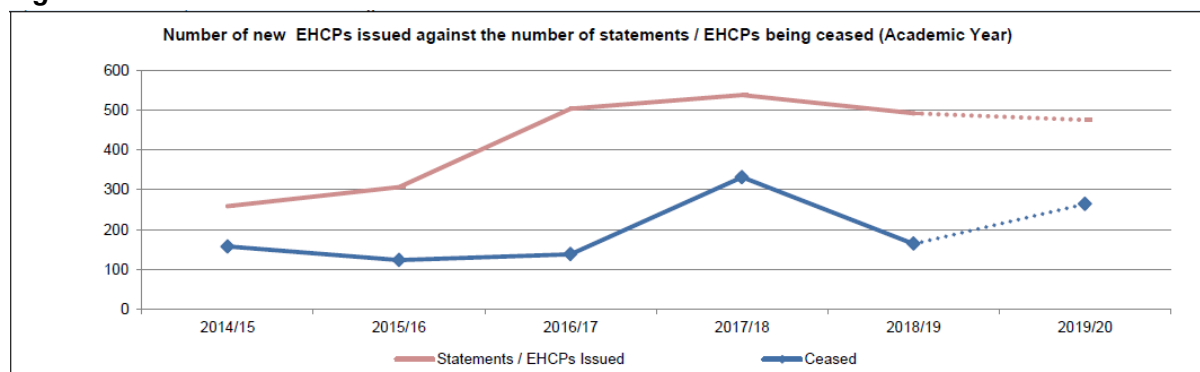
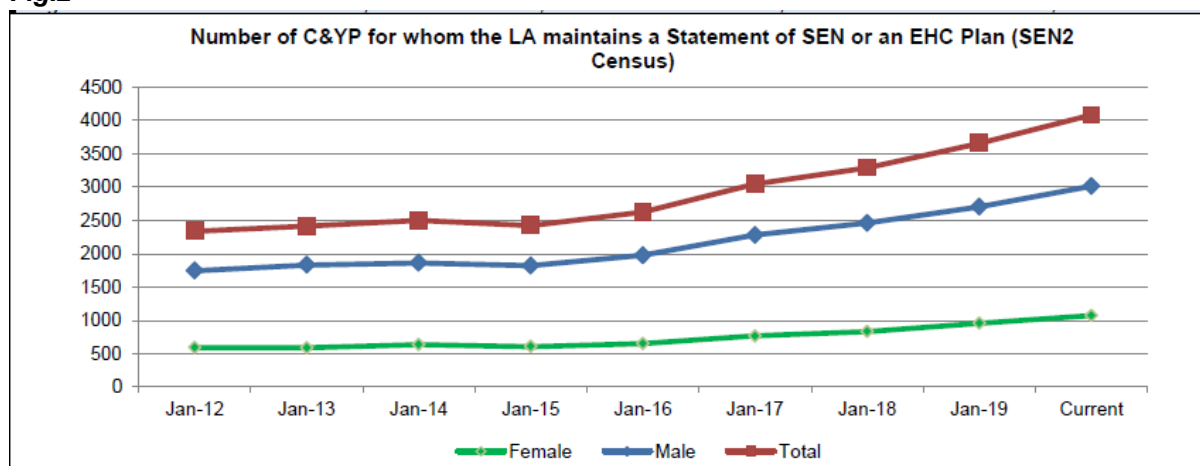


Fig.2



2.3. There was a slowing of applications and the process during the early stages of the COVID-19 pandemic. However, we have continued to receive requests for assessment during the COVID-19 pandemic and currently have 253 open assessments in progress. These levels are higher than we had forecast and could see a future impact on the forecast for both special school and independent special school budget,

2.4. The rate of permanent exclusion has been reduced significantly during the COVID pandemic, with no permanent exclusions since March 2020. During the equivalent period in 2018/19 there were 28 permanent exclusions. As stated in the previous schools forum meeting rates of permanent exclusion had already been reducing prior to COVID. As such the Alternative Provision budget is forecast to be £265,500 under budget. Fig.3 shows the rates of permanent exclusion in Gloucestershire since 2012/13.

Fig.3

Permanent Exclusions

		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Primary	Number	13	19	26	31	31	30	16	14
	Rate	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.03%	0.0%
Secondary	Number	76	71	89	106	110	108	96	60
	Rate	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.25%	0.2%
Special	Number	4	3	0	1	0	0	0	0
	Rate	0.4%	0.3%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
PRU	Number	0	0	0	2	1	0	1	0
	Rate	0.0%	0.0%	0.0%	2.4%	1.1%	0.0%	#DIV/0!	#DIV/0!
COMBINED	Number	93	93	115	140	142	138	113	74
	Rate	0.12%	0.11%	0.14%	0.17%	0.17%	0.16%	0.13%	0.08%

3. Funding for 2021/22

3.1. As outlined in the school funding report, High Needs funding for 2021/22 has been increased by £7.515m. This includes £1.097m to cover the Teacher pay and pension grants for special and alternative provision schools.

3.2. This additional funding is broadly in line with the additional funding received for the 2020/21 High Needs budget. This provides confidence that we can assume a similar uplift in 2022/23 (final year of the three year funding allocation that the government announced in the Autumn 2019).

3.3. As reported and discussed in previous Schools Forum meetings, the continued rise in funding, alongside expected savings from the JAN and HN programme will go a long way towards achieving a balanced in-year budget. However, if the level of need continues to rise in line with trends over the last three year it will still not be enough to bring the budget to an in-year balance.

3.4. Outlined below is the current three year forecast, which assumes:

- A continued rise in funding in line with 2019/20 and 2020/21.
- A 10% reduction in EHCPs driven by the Joint Additional Needs and High Needs Programme
- All staff costs will increase by 2% each year

	2021/22	2022/23	2023/24
High Needs Block	Estimated Budget	Estimated Budget	Estimated Budget
	£000	£000	£000
Alternative provision - places & top ups & services	£ 5,591	£ 5,599	£ 5,607
Alternative provision - Glos Hospital Education	£ 1,819	£ 1,853	£ 1,887
EHCP Costs - College and FE	£ 7,954	£ 8,392	£ 8,865
EHCP Costs - Early Years	£ 209	£ 234	£ 262
EHCP Costs - Primary	£ 9,015	£ 10,200	£ 11,550
EHCP Costs - Secondary	£ 4,468	£ 4,862	£ 5,294
Excluded pupils	-£ 80	-£ 60	-£ 40
LA Services and staffing	£ 3,948	£ 4,027	£ 4,108
Independent Special Schools	£ 16,286	£ 17,269	£ 18,275
Restorative Practice	£ 200	£ 200	£ 200
Special Centres	£ 696	£ 696	£ 696
Special school provision	£ 26,211	£ 27,044	£ 27,592
Support Services	£ 1,277	£ 1,285	£ 1,293
Virtual School	£ 630	£ 640	£ 650
Total	£ 78,224	£ 82,240	£ 86,239
Available budget	£ 72,793	£ 79,211	£ 85,629
Shortfall	£ 5,431	£ 3,029	£ 609
Cumulative Deficit	£ 19,605	£ 22,633	£ 23,243

3.5. To further address the challenges we need to consider areas of the budget within which we can make further savings. There are three areas of potential saving in which we feel a broader consultation with the school system would be valuable, these are:

- Adjustment to the diseconomy of scale funding available to special schools
 - A reduction in High Needs expenditure on the '1 in 40' model to support schools with high numbers of EHCPs.
 - Reduction in direct expenditure on the advisory teacher service.
- 3.6. **The diseconomy of scale model** is costing £300,742 in 2020/21, which is £321,787 less than 2019/20. This reduction is due to the increase in commissioned special school places in 2020/21. It is available to all special schools and uses The Milestones Academy as a baseline. Each of the special schools is benchmarked against The Milestones and provided with additional funding to support a 'diseconomy of scale'. The largest individual allowance for a school is £23,539.
- 3.7. We have contacted the South West Local Authority network to understand models that they use to support smaller special schools. Responses to date have indicated that they do not provide additional funding in this way.
- 3.8. Whilst we recognise the need to support smaller schools, we would like to review and consult on the existing model to ensure that it is operating as intended. There are a number of areas to consider, which could include, but not be limited to:
- What is a 'small special school' and at what size would it be reasonable to consider them financially disadvantaged by scale.
 - There have been increases in commissioned numbers for most special schools over recent years.
 - Do individual schools that are part of Multi-Academy Trusts benefit from the larger scale and support from the Trust.
 - We are reviewing special school banding as part of the EHCP spend redesign programme and should ensure that the outcome of this provides adequate funding for special schools across the county.
- 3.9. **The 1 in 40 model** is currently in operation to support schools with high levels of EHCPs to address the lack of a 'needs-led' National Funding Formula. The total cost in 2019/20 will be around £1,400,000, of which £823,000 has been supported by the schools block surplus.
- 3.10. The support from Schools Block this year has helped to offset some of the costs of the 1 in 40, but this is only provided for one year. We would like to consult on the 1 in 40 to explore the value it has to schools in Gloucestershire; the likely impact of its removal; whether there are adjustments we can make to reduce the costs; and whether we should provide more sustainable support from schools block surpluses.
- 3.11. **The Advisory Teacher Service** is currently fully funded from the high needs budget and the costs have been steadily rising over recent years. The current advisory teaching capacity equates to 29 fte and provides support across all Gloucestershire schools and settings inclusive of SEMH, C&L, C&I and Physical and Sensory specialist educational needs. To start to address the rising costs we have undertaken a reshaping of our specialist support services which aims to make more efficient use of

the specialist capacity by placing more emphasis on inclusion and capacity building within schools and settings. However, we would like to explore and consult on options to reduce the cost of the service whilst protecting the quality and scope of the offer. This could include options to move elements of the service to a traded offer.

Recommendation: Members consider the proposed areas for consultation and agree those which they wish to be taken forward.