

## High Needs Report

<b>Schools' Forum Date</b>	11 <sup>th</sup> November 2021
<b>Type of Decision</b>	For information and discussion
<b>Background Documents</b>	High Needs Strategy
<b>Authors</b>	Philip Haslett, Head of Education Strategy and Development
<b>Purpose of Report</b>	<p>To provide updates on High Needs forecast for 2021/22 and the current growth trends in Education Health and Care Plans.</p> <p>To share greater detail on the costs and trends for specialist and independent specialist provision.</p> <p>To update on the first meeting and future plans for the High Needs working group.</p>
<b>Key Recommendations</b>	Members to note the revised forecast for 2021/22 and the proposed adjustment to future forecasting to bring it in line with the current growth trends in EHCPs (circa 400 per annum)
<b>Resource Implications</b>	Increased overspend of £660,000 in the High Needs block.

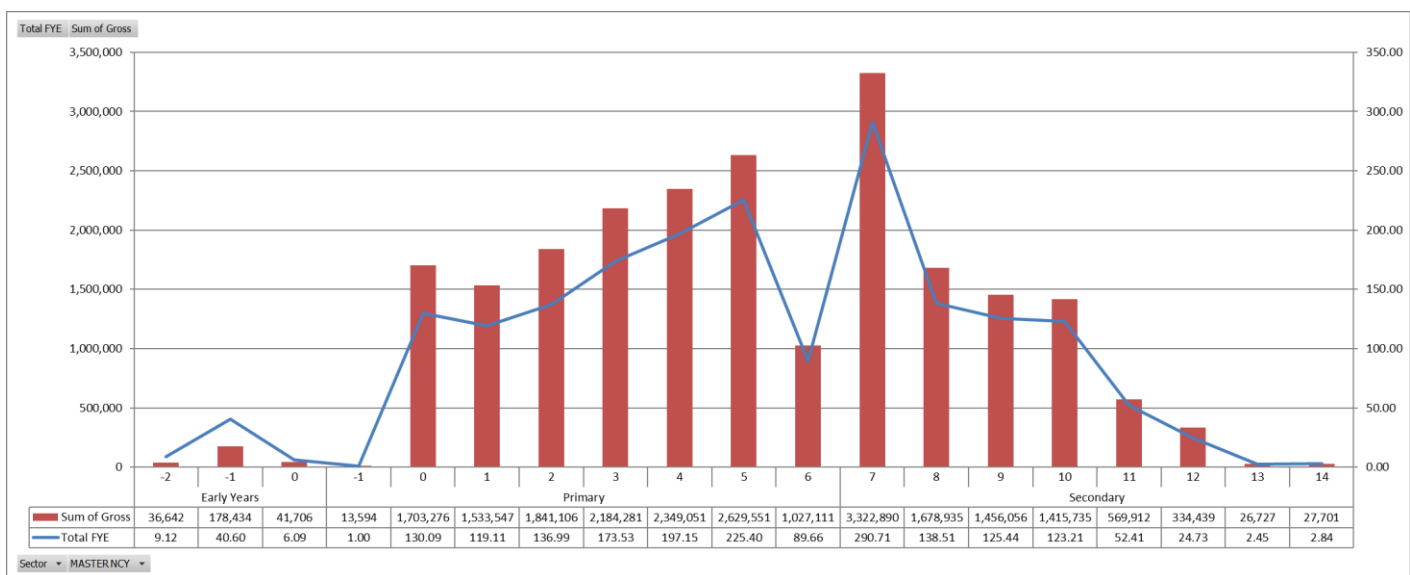
## 1. High Needs – Forecast for 2021/22

1.1. The table below shows the High Needs forecast, less recouplement, as at the end of September 2021. As discussed at the last School's Forum meeting in September there has been a further £660,000 increase in costs which result in a forecast in-year deficit of just over £5m.

<b>High Needs Block</b>	<b>Budget</b>	<b>Forecast (Sept 21)</b>	<b>Variance to budget</b>	<b>Varian to prvs forecast</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Alternative provision - places & top ups & services	5,470.8	5,095.9	-374.9	-365.8
Alternative provision - Glos Hospital Education	2,030.7	1,990.9	-39.8	-26.4
EHCP Costs - College and FE	4,698.9	5,698.5	999.6	827.6
EHCP Costs - Early Years	233.5	233.5	0.0	0.0
EHCP Costs - Primary	7,882.3	8,113.8	231.5	162.2
EHCP Costs - Secondary	5,226.0	5,430.5	204.5	176.9
Excluded pupils	-100.0	-169.1	-69.1	-32.1
LA Services and staffing	3,870.9	3,974.2	103.3	-94.7
Independent Special Schools	17,262.7	17,275.2	12.5	68.1
Restorative Practice	200.0	199.2	-0.8	-1.3
Special Centres	291.3	301.1	9.8	11.5
Special school provision	20,948.2	20,982.1	33.9	4.9
Support Services	1,286.1	1,180.3	-105.8	-58.6
Virtual School	620.3	620.3	0.0	0.0
High Needs Unallocated	-4,093.3	0.0	4,093.3	-12.0
Rounding	-0.1		0.1	0.0
	<b>65,828.3</b>	<b>70,926.4</b>	<b>5,098.1</b>	<b>660.3</b>

\*High Needs unallocated refers to the High Needs planned deficit.

1.2. The most significant movement is in the College and FE budget, where we have seen a sharp increase in the number of places. However, analysis shows that we have not yet hit the bulge that is generated from the continued increase in mainstream. The graph below shows the current year 7 to 11 data, which clearly shows that we can expect a continued increase in the need for post-16 support in future years.



- 1.3. The forecast now includes a 2% increase to top-ups as agreed at the previous School's Forum meeting. To offset this cost, we have made an adjustment in the forecast expenditure on external Alternative Provision, this has been possible due to the reduced pressure on the Local Authority run alternative provision service. In previous years we have needed to commission additional support from third sector providers due to the significant pressure on the service.
- 1.4. At the start of the year we were hoping to manage the budget to a £3.5m in-year overspend. Some immediate adjustments had to be made to address an increase in the import/export cost and an underestimated position on the mainstream budgets. This meant a £4m in-year deficit would have been a more realistic starting point.
- 1.5. We have subsequently agreed to a 2% increase in top-up rates which cost £523,000 and have seen a significant rise in post-16 and FE costs. All of which means our in-year position is likely to come in at a £5m deficit, which is a marginal improvement on the £5.4m position in 2020/21.
- 1.6. What we have seen in the post-16 and FE budget this year is that small changes in trends and average costs in other budget areas, in this case the secondary Y11 cohort, can have a significant impact. To address these issues, we have developed a more detailed activity led financial model, that looks back over the last three years to assess trends and forecasts a 5 forward plan. This has been developed in line with the [DfE Dedicated Schools Grant Management Plan](#), to aid future discussions with the DfE. We are currently stress testing the model and will make the model available at the January Schools Forum meeting.
- 1.7. Given the current financial pressures and the rising level of need, it is our ambition that the 5-year plan works towards a balanced in-year position. Treatment of the accumulated deficit will be a discussion that should be had with the DfE, in light of their wider view on the treatment of the national deficit position.
- 1.8. The current estimate is that the national High Needs deficit is in excess of £2b. The 40 members of the Society of County Treasurers reported a cumulative deficit of £487m in 2020/21 with a forecast that this will reach £1.3b by the end of 2022/23. Hampshire are currently reporting an overspend of £22.4m this year alone.
- 1.9. The point being that it unrealistic to expect these accumulated deficits to be resolved through adjustments to funding models, early intervention or reducing services for vulnerable children and young people. At some stage the accumulated deficit will need to be addressed through discussion with the DfE. In the meantime, our priority remains to have a clear plan in place to balance the in-year position within the next 3 to 5 years.

**Forum members are asked to review the current forecast and associated information and bring any questions to the meeting.**

## **2. Independent and Special School Funding**

- 2.1. **Special school funding** is delivered in two parts. Place funding, which is based on a commissioned number of special school places and is paid regardless of whether that place is used; and top-up funding which is delivered through the banding system and is allocated when a child or young person is placed at the provision.

2.2. The current breakdown of costs is as follows:

Cost Centre Description	Budget 2021
Special School Top Up	£13,412,116
Place Funding	£6,686,667
<b>Total</b>	<b>£20,098,783</b>

2.3. Place funding is reduced by recoupment of place funding by the DfE for Academies. This will account for 676 places and as such the recoupment amount is circa £6,760,000. So total place funding for special schools including recoupment is £13.4m

2.4. The current banding system is funded as follows:

Band	Funding
Band A	£1,939
Band B	£7,273
Band C	£12,121
Band D	£12,928
Band E	£22,625

2.5. The table below shows the trends in the banding averages since 2016. As you can see, alongside the rising numbers, there has been a gradual rise in the complexity of need and as such increased use of higher banding ranges.

2021		2020		2019		2018		2017		2016						
244	19.81%	-2.14%	255	21.94%	-2.99%	277	24.93%	0.92%	254	24.01%	-1.28%	266	25.29%	2.45%	232	22.83%
439	35.63%	-0.51%	420	36.14%	-0.22%	404	36.36%	-0.97%	395	37.33%	-0.21%	395	37.55%	-0.64%	388	38.19%
344	27.92%	2.36%	297	25.56%	1.62%	266	23.94%	0.03%	253	23.91%	0.05%	251	23.86%	-1.34%	256	25.20%
159	12.91%	-0.43%	155	13.34%	0.20%	146	13.14%	-0.28%	142	13.42%	0.87%	132	12.55%	-0.64%	134	13.19%
46	3.73%	0.72%	35	3.01%	1.39%	18	1.62%	0.30%	14	1.32%	0.56%	8	0.76%	0.17%	6	0.59%
1232			1162			1111			1058			1052			1016	

2.6. In addition to the banding system there are circumstances in which additional funding has been agreed to support more complex placements or provide one-off support. The cost of these agreements in 2021/22 is forecast to be £700k.

2.7. Commissioned places in the county for the last two years are shown in the table below. You will note an increase of 54 places this year. This is part of planning to commission special schools to capacity, but leaves very little room for further growth of numbers, without capital development on existing sites, or new school developments.

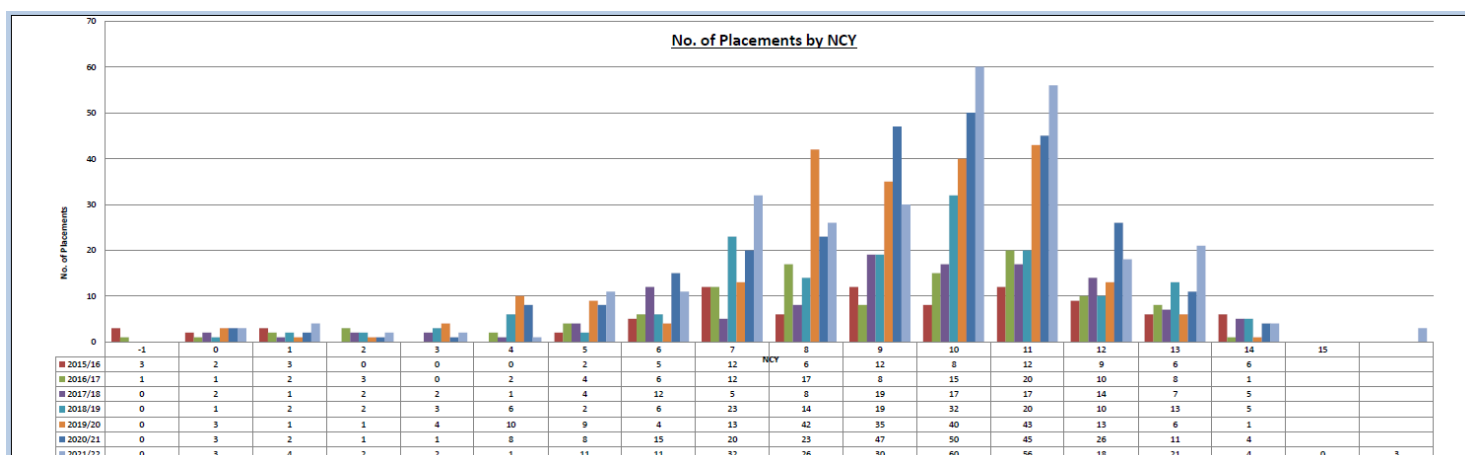
School	September 2020 commissioned numbers	September 2021 commissioned numbers
Alderman Knight	198	220
The Ridge Academy	58	65
Bettridge	148	148
The Peak Academy	60	60
Paternoster	60	60
The Shrubberies	130	130
Battledown	40	65
Belmont	156	156

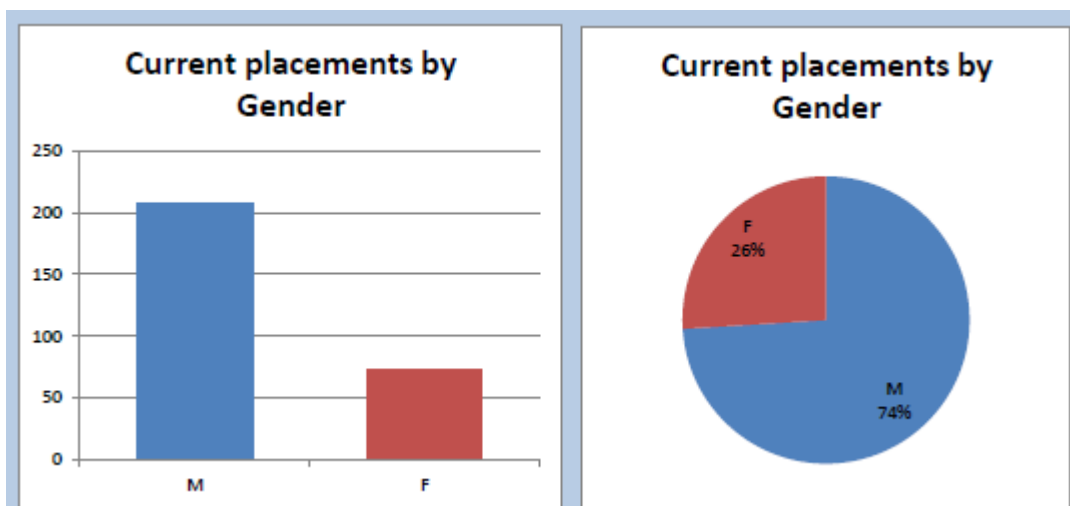
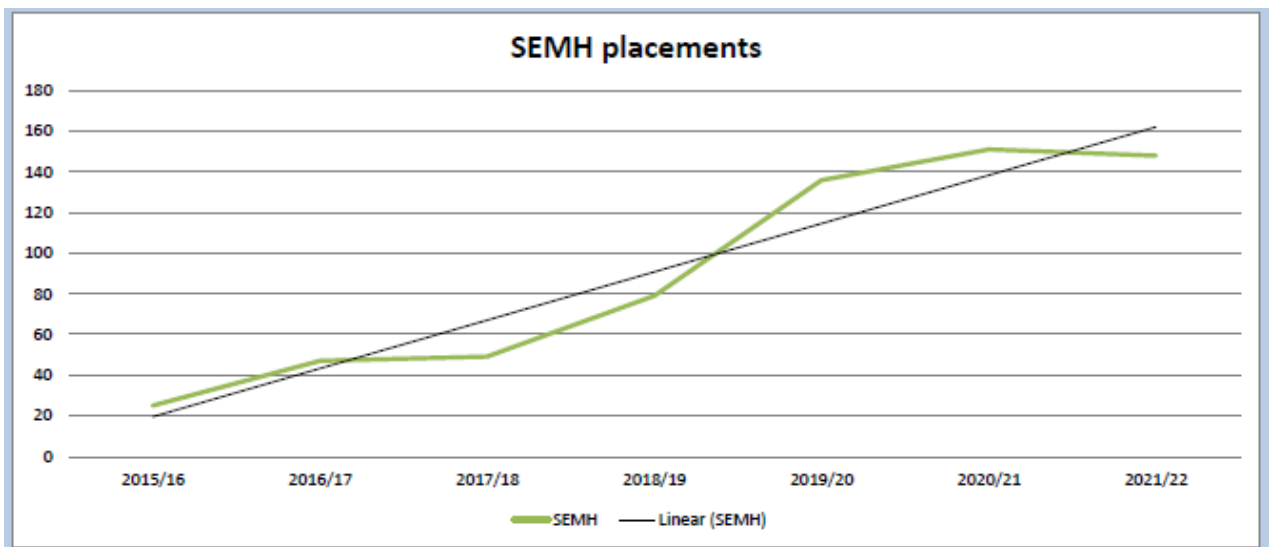
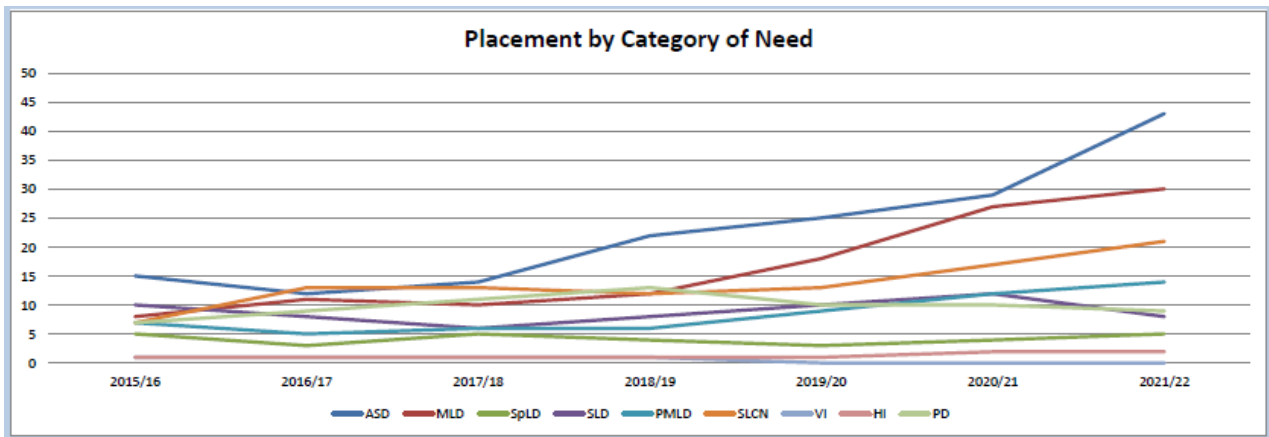
The Milestone	320	320
Heart of the Forest	115	115
The Space	6	6
<b>Total</b>	<b>1291</b>	<b>1345</b>

- 2.8. The specialist commissioning team are working on a long-term plan that will model the required specialist places in the county over the next 5 years. This will take account of the 75 SEMH places already planned for 2022/23 when the new special school is in place, but will almost certainly require the commissioning of several new special schools in the coming years.
- 2.9. You will have seen that the autumn spending review has committed £2.6b to support new special school places. This effectively triples the capital investment in specialist provision and is a recognition that significant investment in special schools and alternative provision is a priority.
- 2.10. Access to this funding will be through the free school programme and will no doubt be exceptionally competitive, given the pressure on places nationally. This does mean that even with successful bids, the lead in time for new builds will be 2 to 3 years.
- 2.11. The **Independent Special School** budget is currently forecasting expenditure at £17.25m this financial year. The budget is structured in 2 parts: High cost joint funded placements; and independent special school placements.
- 2.12. There are currently 54 joint funded placements being supported by the high needs budget at a total cost of £4.1m. There are 285 children and young people placed in independent school at a total cost of just over 13.1m.
- 2.13. The following breakdown shows the highest, lowest and average placement costs.

Cost to Education Summary (Per Annum)	Highest £	Lowest £	Average £
Independent School Placements -	£122,400	£15,018	£45,909
Joint Funded Placements -	£149,368	£37,559	£75,915

- 2.14. The following graphs provide details of the type of need that is supported, the gender breakdown and the national curriculum year of placements. As you will see the SEMH provision for boys in the 11-16 age group is the dominant area of need, although we are also seeing a rise in need for places for children and young people with Autism.





2.15. There is a need for placements for the rising number of children with SEMH that is currently being seen in the secondary sector and we have put in place measures to support this through the commissioning of a new SEMH special school, however we recognise that greater support and intervention in the primary and early years sectors could prevent escalation of the needs for some children and young people.

2.16. As such we continue to focus on putting more specialist provision in place to meet the current needs, whilst increasing our focus on early intervention.

**3. Growth trends for EHCPs**

- 3.1. As reported previously EHCP numbers continue to rise. At the first of October 2021 we were supporting 4,692 plans in place. This is a rise of 360 since January 2021. In the January 2020 to January 2021 period we saw a net increase of 410 plans. Given the current numbers we would expect a similar increase by January 2022.
- 3.2. These net increases of over 400 EHCPs a year are above trends in the previous 4 years where the net increase varied from 310 to 350. We can see that the trend is continuing as requests to assess through the Jun-Sept period are significantly up on last year, as shown in the table below.

2019-2020	Number rec'd	2021-2020	Number rec'd	Increase	% increase
June	56	June	85	29	52%
July	57	July	88	31	54%
August	20	August	25	5	25%
September	36	September	56	20	56%

- 3.3. Moving forward we are planning to use a net increase of 400 new plans to forecast budget. We would be interested in Forum members' views on this increase of need; whether they recognise this on the ground and whether there is a view this will be sustained or is linked to the impact of COVID.

**4. High Needs working group**

- 4.1. The working group met in October to start exploring the High Needs issue in more detail. Notes from the meeting and a one-page strategy are included with these papers. This initial meeting enabled us to set the scene and explore get a common understanding of the key issues.
- 4.2. We would like to continue the use of the working group to explore specific areas of the budget and planning in more detail. There are some areas that we would like to explore in more detail with the working group, for example the proposed banded funding model, the use of non-statutory funding to support earlier intervention, 5 year planning and the 1 in 40 model. However we would be keen to hear from forum members on areas that they would like to see prioritised by the working group.