

Schools Forum – 16th January 2018

High Needs Block 2017-18 Projected Outturn

Recommendation

1. That the Schools Forum notes this report.
2. The progress of the High Needs Recovery Strategy Group to be regularly reported to Schools Forum in 2018.

Report of the Deputy Chief Executive and Director for Families and Communities

PART A

Why is it coming here – what decision is required?

3. To notify Schools Forum of the overspend within the High Needs service and the need for a combined strategic approach with all education providers to meet the financial challenges.
4. Failure to mitigate the high needs overspend in 2018/19 will mean that a 0.5% funding switch will be required from the Schools Block to the High Needs Block in 2019/20.

PART B

Background

5. The financial risk within the High Needs service has been previously notified to Schools Forum. The 2016/17 outturn was £2.5m over budget before planned use of reserves. This has mainly arisen from an increase in numbers and, as a consequence, costs relating to high needs top-up funding to pupils in both mainstream, known as Additional Education Needs (AEN), and special schools, known as Matrix funding.
6. The indicative allocations within the National Funding Formula (NFF) have identified that there will be an additional £2m added into the High Needs Block in 2018/19, rising to an additional £3.8m added in for 2019/20. These figures include the additional allocation as a net importer of SEND pupils in special schools.

7. The forecast overspend for 2017/18 is estimated to be £4.96m rising to between £4m - £7m in 2018-19 based on current trends. The Direct Schools Grant (DSG) balances currently stand at £8.4m, if these overspends are realised the DSG balances would then be in deficit. The effect of balances can be seen below.

DSG Balances – Without High Needs Recovery plan

	Scenario 1 High Needs forecast continues to grow at levels seen in 2017/18	Scenario 2 High Needs forecast grows at rates experienced in the last 3 years
	£m	£m
1st April 2017 Opening balance	8.35	8.35
High Needs Overspend	(4.96)	(4.96)
1st April 2018 Opening balance	3.39	3.39
High Needs Overspend	(7.11)	(4.16)
31st March 2019 Closing balance	(3.72)	(0.77)

High Needs Breakdown of spend

8. The 2017/18 overspend in the High Needs Block can be shown in the table below. **Appendix 1** breaks down the last 3 years outturn to budget for these service areas.

Service Area	Budget 2017/18	Forecast Outturn 2017/18	(Over) / underspend 2017/18
	£m	£m	£m
Staffordshire Special Schools and Academies	35.986	37.159	(1.173)
Staffordshire Pupil Referral Units & District Inclusion Partnerships	5.944	6.106	(0.162)
Special Units	0.318	0.318	0.000
Staffordshire Mainstream Schools	7.715	9.629	(1.914)
Pupils in other LA Special & Mainstream Schools & Academies	1.062	1.329	(0.267)
Early Years Inclusion Fund	0.222	0.255	(0.033)
Independent Schools Mainstream	0.319	0.425	(0.106)
Independent Schools Special	6.567	8.186	(1.619)
Tier 4 Education in Hospital Provision	0.323	0.295	0.028
Top Up Funding - Post 16 Academies and Independent	3.956	3.956	0.000
SEN Support Services			
Families First	4.725	4.436	0.289
Entrust	2.788	2.788	0.000
Grand Total	69.925	74.882	(4.957)

9. Supplementary information showing the change in pupil numbers is attached as Appendix 2

10. Some reasons for the forecast overspend are linked to:-

- a. The overall population within Staffordshire schools has increased by 1.9% but the greatest increase is highlighted below within the PRUs and Special Schools which are funded from the High Needs Block.

Number of Pupils on Roll in the January School Census

Excluding subsidiary registrations

Only includes statutory school age - NCY Reception to year 11

School Type	Jan 2012	Jan 2017	Percentage Increase
Primary	57,911	62,725	8.3%
Secondary	48,613	45,506	-6.4%
PRU	171	204	19.3%
Special	1,607	1,950	21.3%
Grand Total	108,302	110,385	1.9%

- b. The wider SEND population is significantly increasing. Since September 2014 there has been a marked increase (29%) in the overall number of EHC Plans/ Statements.

Year	Total Number of EHCP & Statements
Jan 15	3,400
Jan 16	3,631
Jan 17	3,933
current	4,381

- c. There has been a substantial increase in both the number of requests for EHC assessments (72%) and the number of assessments completed (92%). During the 2016-2017 academic year, of the 1,052 EHC applications received, 575 were from schools (54.657%).

Academic Year	Requests for EHC Assessments	EHC Assessments completed
14/15	609	321
15/16	889	541

16/17	1,052	617
-------	-------	-----

- d. Provisional data analysed in December indicates that 49% of pupils with Education, Health and Care Plans (EHCPs) are placed in specialist provision as compared to 28% in mainstream schools.

Type of Provision	No as at Dec 2017	%
Specialist Provision	1,945	49%
Mainstream Provision	1,119	28%
Education Other than at School	383	10%
Post 16 (FE & Specialist)	534	13%
Grand Total	3,981	

- e. The increased demand for places within specialist provision through parental requests and SEND Tribunal decisions has resulted in an increase in pupils being placed in the independent specialist school sector. See **Appendix 2** which demonstrates a 24% increase in this school population. The cost of an independent specialist placement can cost up to circa £200k per pupil.
- f. Numbers of pupils who have been permanently excluded for both primary and secondary are above the national average. In 2014-2015 academic year there were 130 permanent exclusions however in 2016-2017 this increased to 234 (48 of which were primary aged pupils). Early indications for 2017-2018 academic year predict in excess of 300+ pupils will be permanently excluded.

11. The immediate short term task is to identify a joined up strategy with education providers to reduce the overspend on the High Needs Block and by 2019/20 to bring the high needs expenditure to within the DSG allocation.
12. A High Needs Recovery Strategy Group is being established and meetings will commence in January.

Impacts of non-achievement of High Needs block recovery plan.

13. If the strategy is unsuccessful the DSG balances would be brought into deficit. The financial pressures within the County Council means the likelihood is there will be no funding available from the local authority.
14. This will mean that in 2019/20 we would need to switch 0.5% from the schools block to the High Needs block.

Report author:

Author's Name: Richard Hancock

Ext. No.:

Room No.:

High Needs Block - 3 year analysis against budget allocated before use of reserves.

Service Area	Budget 2015/16	Budget 2016/17	Budget 2017/18	Outturn 2015/16	Outturn 2016/17	Forecast Outturn 2017/18	(Over) / underspend 2015/16	(Over) / underspend 2016/17	(Over) / underspend 2017/18
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Staffordshire Special Schools and Academies	34.859	35.006	35.986	35.356	35.947	37.159	(0.497)	(0.941)	(1.173)
Staffordshire Pupil Referral Units & District Inclusion Partnerships	5.319	5.746	5.944	5.065	5.708	6.106	0.254	0.038	(0.162)
Special Units	0.330	0.330	0.318	0.330	0.330	0.318	0.000	0.000	0.000
Staffordshire Mainstream Schools	6.736	6.172	7.715	6.289	7.404	9.629	0.447	(1.232)	(1.914)
Pupils in other LA Special & Mainstream Schools & Academies	0.700	1.185	1.062	1.058	1.137	1.329	(0.358)	0.048	(0.267)
Early Years Inclusion Fund	0.230	0.230	0.222	0.224	0.255	0.255	0.006	(0.025)	(0.033)
Independent Schools Mainstream	0.200	0.330	0.319	0.299	0.291	0.425	(0.099)	0.039	(0.106)
Independent Schools Special	4.943	6.395	6.567	5.318	6.169	8.186	(0.375)	0.226	(1.619)
Tier 4 Education in Hospital Provision	0.225	0.422	0.323	0.440	0.295	0.295	(0.215)	0.127	0.028
Top Up Funding - Post 16 Academies and Independent	4.221	4.221	3.956	3.155	3.277	3.956	1.066	0.944	0.000
SEN Support Services									
Families First	4.809	4.899	4.725	4.928	4.922	4.436	(0.119)	(0.023)	0.289
Entrust	3.153	3.153	2.788	3.153	3.153	2.788	0.000	0.000	0.000
<i>Planned Use of Reserves</i>	0.000	(1.700)	0.000	0.000	0.000	0.000	0.000	(1.700)	0.000
Grand Total	65.725	66.389	69.925	65.615	68.888	74.882	0.110	(2.499)	(4.957)

Appendix 2

Service Area	2015/16	2016/17	2017/18	2017-18 pupil numbers estimate	Variance 2016-17 to 2015- 16	Variance 2017-18 to 2016- 17	Variance 2017-18 to 2015- 16	% Variance 2017-18 to 2015- 17	
Staffordshire Special Schools and Academies	2,254	2,355	2,308	at autumn half term	101	-47	54	2%	Staffs funded only
Staffordshire Pupil Referral Units & District Inclusion Partnerships	513	499	403	as at beginning November	-14	-96	-110	-21%	
Staffordshire Mainstream Schools	1,159	1,284	1,679	at autumn half term	125	395	520	45%	
Independent Schools Special	189	211	235	as at end of October	22	24	46	24%	
Independent Hospital Fees	29	20	10		-9	-10	-19	-66%	
Grand Total	4,144	4,369	4,635		225	266	491		