

## DARLINGTON SCHOOLS FORUM

12<sup>th</sup> January 2021

ITEM NO 5

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### HIGH NEEDS 2021/22

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#### Purpose of Report

1. To update Forum regarding the 2021/22 high needs budget.

#### Background

2. At the end of the 2019/20 financial year the high needs block had a deficit balance of £5,185,763. It is projected that the high needs budgets will overspend by approximately £795,000 in 2020/21, resulting a budget deficit of circa £6 million at the end of the current financial year.
3. In line with guidance from the ESFA, local authorities are required to update their School Forums with details of the high needs budgets and plans.

#### Budget 2021/22

4. The indicative allocation for the high needs block for 2021/22 is £15,890,770. This figure is indicative as it includes an allocation for import/export places which will be updated in June 2021. The export/import allocation currently included for 2021/22 totals £168,000, in the current year the allocation is a deduction of £93,000, hence a shift of £261,000 in resource.
5. The high needs block now includes Teachers Pay and Teachers Pension grants (which were previously separate funding streams) for non-mainstream settings. This increased the block by approximately £270,000.
6. The current 2020/21 high needs block is £14,310,987, once adjusted for teachers pension, teachers pay, import/export and additional place recoupment (£22,000), the high needs block has increased by just over £1 million in 2021/22.
7. Appendix 1 shows the initial draft budget for high needs for 2021/22 at column C. These budgets will be updated in line with the latest information before being presented to the March 2021 Forum meeting.
8. The allocations for 2021/22 are as previously notified through the high needs block transfer consultation, with the following adjustments,
  - a. All place funding has been updated to match the recoupment notified by ESFA in the 2021/22 DSG high needs block allocation.
  - b. The teachers pay and teachers pension estimates have been updated for the latest information.

- c. Independent and out of area specialist placements, have been updated to reflect the latest budget projections and are based on current placements continuing for all of 2021/22. Although there will be changes to placements, the budget has been shown in full as the reductions are reflected within the new SEMH unit savings.
  - d. Post 16 Top Ups, have been updated to reflect the latest budget projections and are based on current placements continuing for all of 2021/22. Although there will be changes to placements, the budget has been shown in full as the reductions are reflected within the new SEMH unit savings.
  - e. Invest to save initiatives have been reprofiled over three years to reflect when expenditure is expected to take place. The schemes reflected here are as previously notified to Forum, however the specifics of the invest to save opportunities may change in line with current service needs, following the review of needs.
  - f. The projected 2020/21 year end budget deficit has been updated for the latest projection as per agenda item 3.
  - g. The autism outreach budget has increased in line with Forum's October 2020 decision.
9. The budgeted total expenditure for 2021/22 is £16,634,903 against a high needs block of £15,890,770, giving an in-year shortfall of £744,133. Forum were requested to support a transfer of £332,375 at agenda item 4, which has been included within the 2021/22 high needs budget. If approved, this will make the adjusted in-year budget gap £411,758.
10. The high needs recovery plan will see two new high needs facilities opening at Redhall Primary and Rise Carr College in the autumn of 2021. It is projected that these two units will provide savings as pupils are placed into those settings rather than at out of area locations. Once these savings are taken into account the high needs budget is projected to have a shortfall of £80,758 in 2021/22.

### **High Needs Update**

11. A verbal update will be given regarding the latest high needs developments.

### **Budget Deficit Position**

12. As reported to Forum in October, the School and Early Years regulations require the Local Authority to carry forward deficits on their DSG to be set against the next years DSG or the future years DSG allocations. Local authorities are no longer allowed to offset DSG deficits against their own general fund resources, without the approval of the Secretary of State. These regulations are continuing in 2021/22.
13. In 2019/20 the DfE required all local authorities with a deficit of 1% or more on their DSG to submit a recovery plan to the department to show how the deficit would be recovered. This Local Authority submitted a Dedicated Schools Grant (DSG) recovery plan to the Education Skill Funding Agency (ESFA) with plans to bring the high needs budget into line on an in-year basis. This plan was approved by ESFA.
14. The requirement to submit a plan was removed at the end on 2019/20, however the conditions of the DSG grant require any authority with a deficit to have a plan for managing its DSG account, which School Forum are required to be updated upon. In

addition, DfE can require details of progress against the plan or further information regarding high needs planning at their request.

15. The DfE recognises that some local authorities will not be able to pay off historic deficits on the DSG over the next few years. In these cases the department will work together with that local authority to agree a plan of action to enable the deficit to be recovered over time.
16. In all cases the DfE expects that the Local Authority's management plans will focus on how they will bring spending in-year, in line within the resources for that year.
17. The department will require evidence and have created a template to assist local authorities with planning and to meet the DfE requirements. Forum will be briefed regarding the new DfE template at this meeting, however as the template is a large file it has not been circulated within these Forum papers. The template will however be demonstrated in summary to Forum members at this meeting.
18. The template includes 20 differing pages, which capture the Local Authority's budget position and plans regarding DSG and in particular, high needs budgets. The template is a working document and is to be updated on a regular basis as service and expenditure changes.
19. The template provides financial information, but also includes narratives of actions taken, local data (e.g. numbers of children, EHCP's etc.) and graphical data.
20. The most up to date template will be shared with Forum at all future meetings.
21. Attached at appendix 1 is the current Darlington high needs recovery plan. This plan will be subsumed into the DfE template for future reporting purposes.
22. The attached plan shows the projected expenditure on high needs which was shared within the high needs block transfer consultation and has been updated as per paragraph 8 above.
23. In order not to duplicate savings, all expenditure included in 2021/22 has been flatlined for the two following years (2022/23 and 2023/24), with the exception of the School Forum officer (which includes a pay award), the invest to save initiatives and the new high needs capacity.
24. Although there will be inflationary uplifts within the expenditure areas, it is assumed that these will be offset by assumed inflationary increases in the high needs block for the future. No growth has been built into any of the budgets for increasing demand at this stage. This is a risk within the current plan, however through the SEN strategy it is assumed at this point that demand will be managed within the current funding envelope.
25. At present no information has been provided regarding the value of the high needs block for 2022/23 onwards. It is therefore unknown if the block will see large increases in the future as has been the case in 2020/21 and 2021/22. For prudence the high needs allocation has been flatlined at the same value in future years, meaning any increase in resources will result in a more advantageous budget position, on the assumption that savings within the plan are delivered and that growth is managed within resource. (Note

no price inflation has been built into either the expenditure or the DSG allocation as it is assumed one will offset the other)

26. No further block transfers have been built into the plan at this stage for 2022/23 or 2023/24, as this will require School Forum approval each year.
27. The recovery plan at this stage aims to provide a near in year balanced budget for 2021/22. As the new SEN units and the Tees Valley Free school open there will be increased local capacity reducing the use of independent placements, which will provide budget savings. The plan is therefore expected to deliver an in-year surplus position from 2022/23 which will start to decrease the accumulated deficit.
28. The plan will be updated for other SEN/high needs developments as these are agreed.

### **Recommendations**

29. That Forum notes the proposed usage of the high needs block in 2021/22.
30. That Forum notes the high needs budget deficit and the current recovery plan.

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