

LANCASHIRE SCHOOLS FORUM
Date of meeting 6 July 2021

Item No 8

Title: Recommendations of the High Needs Block Working Group

Executive Summary

On 15 June 2021, High Needs Block Working Group considered a number of reports, including:

- Inclusion Service Update
- Schools Budget Outturn 2020/21
- School Balances and Clawback 2020/21
- HNB Commissioned Place
- Schools Forum Annual Report 2020/21

A summary of the information presented, and the Working Group's recommendations are provided in this report.

Recommendations

The Forum is asked to:

- a) Note the report from the High Needs Block Working Group held on 15 June 2021**
- b) Ratify the Working Group's recommendations.**

Background

On 15 June 2021, the High Needs Block Working Group considered a number of reports. A summary of the information presented, and the Working Group's recommendations are provided below:

1. Inclusion Service Update

Dr Sally Richardson, Head of Inclusion Service, attended the Working Group for this item.

Sally provided a presentation on the Review of SEND Sufficiency.

The SEND sufficiency strategy was agreed at Cabinet in October 2020 and supported the development of a needs led response to demand.

SEND placements are funded from the HNB in the DSG but current demands are creating an unsustainable pressure.

The presentation contained background data on pupil numbers in each area of the county and forecasts around changes that may occur in the pupil population going forward and mapped this to the current SEND provision by phase, split into maintained and non-maintained delivery. The data is being used to identify where additional provision was required.

Several key points emerged from the data, including

Primary

- More places in the East and fewer in the North than expected
- LD/ASC more places in the East, fewer in the North and South largely addressed use of independent/non-maintained placements
- No primary SEMH places in the North addressed to some extent by use of independent/non-maintained placements

Secondary

- Special school place allocation broadly in line with what would be expected
- Slightly more LD/ASC places in East and fewer in North than would be expected; shortfall in the North addressed through use of independent non-maintained provision
- More SEMH places in North and South, fewer in the East than expected in both maintained and independent/non-maintained sectors

16-19

- Very limited provision for pupils post-16 with SEMH; almost entirely dependent on the independent/non-maintained sector
- Some shortfall in the number of places in the South, addressed to a degree by places within the independent/non-maintained sector
- Pupils taking up more places in the East than anticipated

Alternative Provision

- No primary AP places in the East within the maintained sector
- Proportion of primary AP places in the North and South would seem to be consistent with population data
- Slightly fewer secondary AP places in the East and more in the North than expected

Forecasting up to 2026 revealed:

- East – 60 additional places at secondary level for social communication and interaction/SEMH needs (60 more available April 2022); low number/ percentage pupils with SEMH needs, particularly at secondary level
- North - 30 more LD/ASC schools special school places required at both primary and secondary level; currently 46 primary and 79 secondary special school places commissioned in independent schools for social communication and interaction and/or SEMH needs;
- South - 7 more LD/ASC places at primary level and 24 at secondary level (additional 72 available September 2022); 27 more SEMH primary places and 22 SEMH secondary places

Action underway to address issues included:

- Implementation of SEND Sufficiency Strategy priorities through Team Around the School and collaborative working within the SEND Partnership
- Improve accuracy of SEND categorisation of need
- Greater consistency in decision making panels
- Admissions guidance for schools
- Post 16/19 provision under consideration
- Alternative Provision Strategy underway

SEND Sufficiency Strategy to date was delivering:

- Broadfield Specialist School - 60 places from April 2022 (East)
- Sir Tom Finney Community High School – 72 places from September 2022 (South)
- Barrowford Primary School – up to 16 SEN unit places from September 2021 (East/SEMH)
- St Leonard's VA CE School - up to 8 SEN unit places from September 2021 (East/social communication and interaction)

It was also anticipated that the further development of SEN Units, as follows:

Under consultation summer 2021:

- 6 primary SEN units (2 East, 1 North, 3 South; 80+ places)
- 1 secondary SEN unit (South; 16 places)

Further expression of interest summer 2021

- More primary SEN units (South, North; up to 64 places)
- More secondary SEN units (East/South; up to 48 places)

Further potential solutions in the strategy included:

- East – more effective use of existing specialist provision at primary level for pupils with social communication and interaction/SEMH needs because more primary places overall and LD/ASC needs but fewer for SEMH needs and no AP; creation of SEN units and satellite units for pupils with social communication and interaction/SEMH needs at primary and secondary level to address lower proportion of SEMH/AP places

- North – satellite LD/ASC provision at primary and secondary level plus primary and secondary SEN units social communication and interaction/ SEMH needs to address slight shortfall in LD/ASC provision and reduce dependency on independent non-maintained provision
- North - explore free school option, upper KS2 to KS4 SEMH Morecambe/ Lancaster and potential for collaboration with neighbouring authorities to address lack of SEMH primary provision and travelling distance between Lancaster/Morecambe and Fylde and Wyre
- South – majority additional LD/ASC places will be provided by expansion of Sir Tom Finney Community High School and through exploration of satellite provision at primary and secondary level for the limited number of additional places forecasting indicates will be required
- South SEMH/ASC increase by circa 30 in primary and secondary provision ; SEMH satellite provision in Preston to address anticipated future need in this area of the South. All primary and $\frac{2}{3}$ secondary SEMH provision in West Lancs where likely to be surplus school places; will also address some of North shortfall

Members considered the information provided and made some initial comments on the presentation. This included positive feedback about the presentation and the data included in it, the need to provide adequate training and support to schools developing SEN units on their sites and a suggestion about the order of some slides.

It was agreed that the presentation would be circulated to members after the meeting and any further comments could be provided.

The Working Group thanked Sally for the presentation and the considerable effort that had gone into pulling together the background information and developing the strategy,

The Working Group:

- a) Noted the information provided on the presentation.**
- b) Expressed some initial comments on the information and asked if the presentation could be circulated to members with the opportunity to provide any further feedback.**
- c) Thanked Sally for the work that had gone into producing the report.**

2. Schools Budget Outturn 2020/21

A copy of the Schools Budget Outturn report for 2020/21 was presented to the meeting. A copy of the full report is provided as an Appendix to the Schools Block Recommendations item on the agenda.

The Overall Schools Budget outturn position for 2020/21 shows an underspend of circa £5m.

The outturn position for the 2020/21 High Needs Block (HNB) revealed a circa £0.9m underspend. Further details in connection with HNB block were discussed by the Group.

It was noted that the most significant HNB variance related to mainstream schools and represented a circa 33% overspend on the budget. Actual expenditure for both special schools and alternative provision incorporated additional funding distributed to the sector in accordance with financial protections agreed by the Forum in response to the COVID-19 pandemic. These payments totalled over £1.1m in 2020/21 across HNB.

The commissioned services expenditure ended the year with an overspend of over £4m. As per established practice, a more detailed breakdown of the HNB expenditure against the agreed budget lines was provided for the members, including further details of expenditure on other HNB budget lines.

Of particular interest to the Forum on the commissioned services breakdown was the £4.2m overspend on the Out-county budget. Linked to the earlier presentation from Sally Richardson, strategies are being deployed to enhance maintained provision within the county, through the AP Strategy, SEN Units and increased special school capacity, but this will take time to feed through into the budget position.

When the 2020/21 Schools Budget was being set, provision was made for HNB growth, which was forecast at circa £12m for the year. This provision was utilised in year to offset the increased expenditure across HNB school budget lines and within commissioned services, allowing the overall HNB budget to end the year with a £0.9m surplus.

The Working Group:

a) Noted the report and the 2020/21 Schools Budget final financial outturn position.

Subsequent to the Working Group meeting the county council received information from the results of a survey conducted by the Society of County Treasurers (SCT) on DSG budget deficits. The survey was conducted in May 2021 and collates responses from all 40 county councils with SCT membership.

Headlines from the survey include:

- I. In 2020-21 SCT members received £20.37bn of Dedicated Schools Grant, up from £19.2bn in 2018-19 and forecasted to rise to £23.2bn in 2024-25.*
- II. An increasing share has been and will be allocated to high needs – from 14.8% in 2018-19 to 17.7% in 2024-25.*
- III. Funding is expected to rise for all blocks except for Central Services.*
- IV. DSG Deficits are expected to reach £410m per year in 2024-25 – a cumulative deficit of £1.84bn.*
- V. SCT members forecast a total transfer of £198m from schools and central blocks to High Needs over the surveyed period.*
- VI. Despite this, High Needs deficits are forecasted to increase in size each year following a slight contraction in 2020-21.*
- VII. In cumulative terms, High Needs deficits have increased or are forecasted to increase throughout the surveyed period; currently (March 2021) at almost £750m this is forecasted to almost triple to well over £2bn by March 2025. Almost all SCT members saw an in-year high needs deficit in 2019-20 and 2020-21.*

As indicated in the outturn report to the working group, Lancashire reported an in year surplus of almost £1m in 2020/21 against HNB, but there are still considerable demand led pressures on the block and 2020/21 was an particularly unusual year.

3. School Balances and Clawback 2020/21

A copy of the School Balances and Clawback 2020/21 report was presented to the meeting. A copy of the full report is provided as an Appendix to the Schools Block Recommendations item on the agenda.

The final outturn position against schools delegated budgets at 31 March 2021 was an underspend of £42.832m. This means that school balances have increased by £42.832m in 2020/21, to a total of £90.151m.

Further analysis of the year end school balances position was provided for the working group and particular attention was shown to the special school and PRU positions. Some of the uncertainties around PRU funding was highlighted, although it was noted that additional funding had distributed to the sector in accordance with financial protections agreed by the Forum in response to the COVID-19 pandemic and the PRUS had continued to offer support to a number of schools. It was emphasised that the situation would need to be kept under review.

The 2020/21 financial year has clearly been an exceptional one in terms of the covid pandemic. Whilst some costs were increasing during 2020/21, as schools responded to relevant covid protocols and safety requirements throughout the year, there were also some extended periods when many schools were closed to the majority of pupils, which will have provided some savings against some planned expenditures.

In addition to the core DSG funding allocations to schools, considerable additional funding was allocated during 2020/21 in the form of Government grants. For Lancashire maintained schools, grant allocations in the year totalled over £105m. Some of these grants could be utilised in year, regardless of the pandemic, for example those covering teachers pay and pensions contributions. However, spending relating to other grants would have been curtailed by the pandemic, and the associated conditions of grant may require the funding to be utilised during FY 2021/22, especially as schools continue to respond to the challenges of supporting pupils catch up on learning. Such grants could include Pupil Premium, PE Sports premium, and the Coronavirus (COVID-19) catch-up premium.

30 schools ended the 2020/21 financial year in deficit. The number of schools in deficit at 31 March 2021 has decreased from 41 schools in deficit a year earlier and is at its lowest level since March 2016. However, the 2021 figure may be artificially low, as many schools will have increased year end balances as the result of funding that could not be fully spent in 2020/21 due to the pandemic and in particular grant allocations that will need to be utilised in 2021/22 focussed on the covid educational recovery.

The report also included about the movement in balances at an individual school level in 2020/21

Forum had agreed to suspend clawback of excess balances in 2019/20 or 2020/21 and members were asked to consider the school balances and clawback policy to be applied at 31 March 2022.

Clearly, the year end position at 31 March 2021 has been impacted by the exceptional circumstances faced during the year. There has been a significant increase in aggregate school balances in 2020/21, but substantial funding held in the reserves is earmarked for use

in 2021/22, much of this will relate to DfE grant funding that will be utilised to support pupils catch up on learning during 2021/22.

The annual Analysis of Balances Return to the authority shows that of the school balances held at 31 March 2021, £36m is committed across 473 schools. This compares to a figure of £6.8m identified by 157 schools at 31 March 2020 and may suggest that aggregate balances could reduce during 2021/22.

Representations about the application of clawback at 31 March 2022 have also been received on behalf of some Lancashire schools and these were shared with the group

A number of schools balances and clawback options are available to the Forum for 2021/22, which were considered by the group, including:

- Suspend the application of clawback at March 2022 due to the continued uncertainties around the COVID-19 pandemic.
- Reintroduce a clawback policy in 2021/22, as per previous arrangements set out below, or with amended rates:
 - A clawback rate of 50% is to be applied to any balance above guideline in the first year a school exceeds the guideline (after adjusting for exemptions)
 - A clawback rate of 100% is to be applied to any balance in excess of guideline where the guideline has been breached for two or more consecutive years (after adjusting for exemptions)

(Note: As clawback was suspended in 2020/21, not school would be subject to the 100% clawback rate in 2021/22).

- Suspend clawback in 2021/22, but give notice that it will be reintroduced at the end of 2022/23, if there are no significant covid related impacts in the intervening period.
- Other suggestions that members may have or have been suggested by Lancashire schools, including
 - Enabling schools to transfer above threshold Reserves into the Capital pot for future investment thereby ensuring that the individual school benefits and the authority school building infrastructure improves.
 - Increase of the threshold percentage – currently 12% to 20%.

Information was also shared with the group setting out the 31 March 2021 position on Schools Budget Reserves.

The year end position on the School Teaching and Support Staff Supply Reimbursement Scheme was highlighted with an underspend of circa £0.9m, leaving an outturn position of circa £1.9m. Options for the use of the reserve were discussed by members.

The Working Group:

- a) Noted the report.**
- b) Noted the overall school balances position at 31 March 2021, including the individual school level information provided in the report.**
- c) Noted the previous Forum decision to suspend the application of clawback at 31 March 2021.**
- d) Noted the increase in committed balances at 31 March 2021.**

- e) **Recommended that clawback be again suspended in 2021/22, but that notice be given to schools that it will be reintroduced at the end of 2022/23 (if there are no significant covid related impacts in the intervening period) at the historic levels:**
 - o **A clawback rate of 50% is to be applied to any balance above guideline in the first year a school exceeds the guideline (after adjusting for exemptions)**
 - o **A clawback rate of 100% is to be applied to any balance in excess of guideline where the guideline has been breached for two or more consecutive years (after adjusting for exemptions)**
- f) **Noted the underspend on the supply scheme budget at 31 March 2021.**
- g) **Recommended that the scheme reserve be held at the current time to mitigate against the risk of high costs being incurred in 2021/22.**
- h) **Recommended that the supply scheme position be reassessed at March 2022, when judgements could be made about the appropriate level of reserves going forward, if 2021/2223 has been a stable year for the scheme.**

4. HNB Commissioned Place Process

As part of the process agreed with the Schools Forum in 2020, an early notification was introduced to provide special schools and PRUs with an indicative number of places that the LA would expect to commission at each school, which would be incorporated in the school budget for the following financial year.

These early notification letters were issued for the first time in July 2020 and included the indicative number of places calculated using the commissioned place methodology for each sector.

Officers have been reflecting on the operation of this procedure and other related issues ahead of commencing any actions in the 2022/23 commissioning process. A number of factors are being considered, which include:

- The timing of the initial communication, which arrived close to the end of the summer term 2020, created significant distress for some heads and complaints to officers, particularly where indicative numbers were down on current places, and at a time just before summer when there was limited opportunity to react
- There were significantly more variations from the indicative numbers issued in July 2020 to the actual places included in the budgets at PRUs than at special schools
- Covid related protections were applied to the HNB budget redetermination process across both sectors during the last year, but there was greater impact at PRUs
- The PRU methodology calculated on the average of the previous 3 PRU census points will be significantly impacted by covid-19, with census cancellations and lower NORs experience in the sector, and even May 2021 data may not have returned to pupil levels expected before the pandemic
- The outcomes of the AP strategy are not yet known, but may change the commissioning priorities and arrangements within the sector

Having consider the relevant factors, the LA is proposing some changes to the system for PRUs at this time but intends to leave the special schools process unaltered.

PRU Process 2022/23

It is proposed that correspondence on indicative place numbers for 2022/23 to PRUs is not issued in July 2021 but is instead circulated in autumn term 2021. At that time it is hoped that indicative data will include input from the service to refine the commissioned places to figures that will be more closely aligned to the final budget places and can take account of the latest recommendations from the AP strategy group.

Special School Process 2022/23

No changes to the procedures that operated in 2020 are proposed for special schools. The May 2021 census data should be available in time to communicate with special schools before the end of the summer term 2021 and experience suggests that these indicative numbers should closely align to likely places that will be included in the final budgets for the sector. Limited covid-19 impact on NORs in special schools is expected at the May 21 census.

The additional place top up funding arrangements will continue to operate in 2022/23, where the actual number of pupils at each redetermination is greater than the number of places commissioned on the budget forecast, so a continued safety mechanism remains built into the system.

Members considered the proposals and supported their introduction, particularly as the proposed changes were responding to feedback from the sector.

The Working Group

- a) **Noted the report.**
- b) **Supported the proposed changes to the commissioned place process for 2022/23.**

5. Schools Forum Annual Report 2020/21

Since 2005/06, the Forum has produced an Annual Report, which is circulated to all schools via the Schools Portal and made available on the Forum website.

A draft Forum Annual Report for 2020/21 was provided for the working group. A copy of the full report is provided as an Appendix to the Schools Block Recommendations item on the agenda.

Members considered the draft report and supported its publication.

The Working Group

- a) **Noted the report**
- b) **Recommended to the Schools Forum that the 2020/21 Annual Report be approved for publication.**