

Appendix A

Consultation on the proposal to transfer DSG from the Schools Block to the High Needs Block 2022-23

Background

Until 2018-19 we were able to move DSG between the different funding blocks to meet the needs of each block. With the introduction of the new National Funding Formula from April 2018, new regulations came into force restricting the movement of funding from the Schools Block.

This created increased pressure on the High Needs Block so for 2018-19 we consulted and gained approval to transfer 0.5%, £421,594 from the Schools Block to the High Needs Block, plus £51,672 from the Central Schools Services Block. This was to support the increase in pupil numbers and costs of SEND support at all levels. Appendix A is the consultation document for this transfer which details the breakdown of the pupil numbers for each level of support and costs for 2017-18 to date (at the time of writing the consultation that year) and the previous three years from 2014-15 onwards.

For the following year, 2019-20, we consulted and gained approval for a transfer of 1%, £869,312. The consultation document for that year detailing the pupil numbers and costs of SEND support at all levels is included as Appendix B.

Current Position

As you will be aware despite all our efforts we failed to achieve a balanced year-end position for 2020-21 and had a deficit DSG balance of £895,355. As we did not fully spend the de-delegated Schools Contingency budget during 2020-21, Schools Forum decided that the unspent balance should be carried forward into 2021-22 and added to the De-delegated Schools Contingency budget in that year. Therefore our deficit increased to £995,742.

The High Needs Block grant allocation for Halton has increased over the years as below:

Year	2018/19	2019/20	2020/21	2021/22	2022/23
After recoupment	£13,987,816	£13,811,856	£16,155,582	£18,328,788	£19,646,658*

*estimated figure for 2022-23 after recoupment as recoupment figure not yet finalised

High Needs expenditure

The following is a breakdown of the actual costs and pupil numbers for each level of SEND support (forecast position for 2021-22 based on current data):

Special schools including Special Academies

	2018/19	2019/20	2020/21	2021/22
Total pupil numbers	336	366	388	404
Total budget	£4,763,403	£4,957,423	£5,196,436	£6,004,886
Total cost	£5,004,246	£5,097,422	£5,526,497	£5,934,886
Average cost per pupil	£14,893.59	£13,927.38	£14,243.55	£14,690.31

PRU

	2018/19	2019/20	2020/21	2021/22
Total pupil numbers	55	64	61	60
Number of places	60	60	60	60
Total budget	£1,715,535	£1,904,955	£1,729,814	£1,643,271

Total cost	£1,715,535	£1,904,955	£1,857,077	£1,643,271
Average cost per pupil	£30,938.41	£29,844.20	£30,614.52	£27,387.85
Resource Bases				
	2018/19	2019/20	2020/21	2021/22
Total pupil numbers	85	84	96	92
Number of FTE places	118	130	120	120
Total budget	£1,373,543	£1,307,002	£1,186,633	£1,230,461
Total cost	£1,124,844	£1,378,478	£1,186,633	£1,150,461
Average cost per pupil	£13,228.79	£15,228.63	£13,083.77	£13,193.32

Top-up funding – includes Discretionary funding and EHCP funding

	2018/19	2019/20	2020/21	2021/22
Total pupil numbers	329	227	296	306
Total budget	£1,379,006	£1,657,120	£1,155,124	£1,722,080
Total cost	£1,103,838	£1,151,156	£1,721,822	£2,068,851
Average cost per pupil	£3,811.53	£5,071.17	£5,816.97	£6,760.95

Centrally Retained Funding - Specialist Provision

	2018/19	2019/20	2020/21	2021/22
No FTE posts	18.2	17.38	18.86	21.64
Total budget	£2,105,005	£1,923,695	£3,047,486	£2,361,030
Total cost	£1,667,950	£2,054,423	£2,159,945	£2,220,776

Centrally Retained Funding – Inclusion staffing

	2018/19	2019/20	2020/21	2021/22
Total FTE	6	5	9	9
Total budget	£528,140	£446,470	£464,120	£531,560
Total cost	£469,048	£308,770	£393,294	£554,056

Inter Authority Expenditure

	2018/19	2019/20	2020/21	2021/22
Total pupil numbers	38	42	42	47
Total budget	£175,000	£175,000	£375,000	£382,670
Total cost	£400,011	£345,929	£560,341	£790,423
Average cost per pupil	£10,526.61	£8,236.40	£13,498.94	£16,817.51

Independent and Non-Maintained Special Schools

	2018/19	2019/20	2020/21	2021/22
Total pupil numbers	109	118	126	130
Total budget	£2,421,450	£2,415,450	£3,172,450	£4,452,830
Total cost	£3,048,811	£3,063,211	£4,280,879	£5,134,808
Average cost per pupil	£27,970.74	£25,959.42	£33,975.23	£39,498.52

Overall Summary

	2018/19	2019/20	2020/21	2021/22
Funding available	£14,461,082	£14,784,113	£16,155,582	£18,328,788
Expenditure	£14,534,283	£15,204,614	£17,754,719	£19,525,202*
Deficit	£73,201	£420,501	£1,599,137	£1,238,484*

*Forecast outturn as at 30-09-21

Budget Summary

Halton's High Needs Block budget was overspent by £1,599,137 at the end of 2020/21. This was offset by the carried forward balance from the previous year and underspends from the other blocks of DSG, to give an overall deficit of £995,742. This sum has been carried forward into 2021/22 and with continuing cost pressures, the cumulative overspend is currently forecast at £2.19M for the end of this financial year.

It is therefore essential that the increasing cost pressures are reduced. While actions taken from now will impact on future spend, we are likely to have a cumulative deficit as at 31st March 2022 in the region of 10% of the High Needs Block budget for next year.

The provisional HN allocation for 2022/23 is estimated to be an increase of £1.3M to £19.6M compared to the current year. This could cover the expected costs for 2022/23 and allow increased investment in Educational Psychology, Specialist Teaching and Early Years, but is unlikely to meet any pay uplifts as well.

However to try to reduce the deficit, identify, assess and meet local needs earlier and more effectively we will be requesting a 1% transfer from the Schools Block to the High Needs Block. Based on current estimates this is likely to be in the region of £1M. After initial modelling there is a possible unallocated amount of £334k of Schools Block funding. If this is proven to be the case when the actual data and allocation is received, instead of increasing one or more cash values to fully devolve the Schools Block, we would reduce the allocations by 0.67% so that when added to the unallocated Schools Block amount it would total 1%. Appendix F shows the indicative Schools Block budgets for each school as previously circulated with the Schools Block Funding Formula consultation plus the comparative budget after the 1% transfer.

DSG Management Plan

The DfE require all LAs who either end the year with a deficit DSG balance or a significant reduction of their DSG balance to gather the information identified on the DSG Management Plan. This is a combination of figures – past years and forecasts for the next three years – and narrative of the actions and plans in place or in development that will bring us back to a balanced year-end DSG position. This is being finalised but, having found another error in the template we need to return it to the DfE for the error to be corrected.

Case for transferring Schools Block to High Needs Block

For 2018-2019 schools and School Forum agreed to transfer 0.5% of Schools Block and in 2019-2020 schools, School Forum and the Secretary of State agreed to a transfer of 1% from Schools Block. On 16th January 2020 Executive Board agreed that no transfer be requested for 2020-21 as the High Needs budget had increased by £2.29 million. This was to allow the full increase of the Schools Block DSG to be passed through to all mainstream primary and secondary schools/academies.

In line with the Inclusion Charter developed with schools in 2019 and school's responsibilities as part of the Local Offer, schools were advised to use this funding to improve their local provision for their children and young people with SEND, thereby reducing the need for specialist placements and the number of EHCPs. However, demand has continued to increase with the percentage of EHCPs increasing significantly since 2018 from between 12% and 17%.

The question of why we are continually overspending on the High Needs Block is two-fold. Yes, we can always argue that the amount of grant has been well below what we felt we should have been receiving but the number of learners that we are being asked to support is continually rising and we have more than 0.5% of our total statutory age pupil cohort in out of borough placements where costs can exceed £80,000 for one pupil for one year. This would fund 7 primary age pupils or almost 9 secondary age pupils at Band 3 EHCP support.

The transfer of funds from Schools Block to the High Needs Block would not just be to offset the current deficit balance. Three key areas have been identified as requiring additional investment with a view to reducing costs in future years:

1. Increasing the Education Psychologists by 1.5fte posts costing £100,000 – See Appendix C for details
2. Increase the Specialist Teams capacity by 1fte Teacher/Advisor costing £60,000 plus the purchase of an Autism Education Trust (AET) Licence costing £13,200 – See Appendix D for details
3. Purchase of the Wellcomm Toolkit costing £22,500, Early Years SENDCO Training and Development work costing £40,000 and the launch of the EY Inclusion Charter plus bespoke training costing £14,100 – See Appendix E for details.

Summary of Invest to Save costs:

Business Case 1 – Educational Psychologist 1.5fte posts	£100,000
Business Case 2 – Specialist Teacher/Adviser 1.0fte post	£ 60,000
- Autism Education Trust Licence & Materials	£ 13,200
Business Case 3 – Wellcomm Toolkit	£ 22,500
- Early Years SENDCO Training & Development	£ 40,000
- Inclusion Charter launch & bespoke training courses	£ 14,100
Total	£250,000

Future Years

It is extremely difficult to say for certain whether a transfer from the Schools Block to the High Needs Block will be needed again in future years as it is dependent upon so many variables. The key variable being the High Needs Block grant allocation from the DfE. The Spending Review should hopefully give some insight into this but that will not be known for some time. There is also the impact of the changes being brought on line in the coming months and years. The hope is that no further transfer will be required but we cannot guarantee this.

Other DSG blocks

We are already keeping the spend from the Central Schools Services Block to an absolute minimum so that the balance can be used to support the High Needs pressures. The Early Years Block has restrictions on how much can be retained centrally, we are not in a position to offer any transfer from the Early Years Block due to the adverse impact this would have on all EY providers.

Consultation question

The question is simple – do you agree with the transfer of 1% of the Schools Block allocation for 2022-23 to the High Needs Block, to ease the pressure and support the Invest to Save proposals as set out in this document?

Yes / No

If your answer is No, please state your proposals of how we bring the DSG overall budget back to a balanced position within the next few years.

The deadline for your response is 5pm on Friday 22nd October 2021 in order for your response to be included in the report to Schools Forum, on Wednesday 3rd November.

Please e-mail your responses to anne.jones@halton.gov.uk

You will shortly be notified of presentation/Q&A sessions to be held via Teams regarding this consultation.