
Agenda Item

Report to Schools Forum

Date 2nd December 2024

For Information and Recommendation

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Contact

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High Needs Block (HNB) Financial Position

1. Purpose of the Report

- 1.1 The purpose of the report is to inform Schools Forum of the projected spend on the HNB in this financial year and the implications in future years.

2. Background

- 2.1 Bury has had a large HNB deficit for a number of years and was one of the first LA's to become a part of the DFE Safety Valve agreements. (appendix 1)
- 2.2 As a requirement of the agreement the DFE must be informed of progress against the plan every quarter.
- 2.3 As at 31st March 2024, the HNB deficit was £2m less than what was in the plan (£18.5m compared to the planned £20.6m) At that point it was not a matter of concern. Since then expenditure has risen significantly and there is a need to revise the figures.

3. Recommendations

It is recommended that: -

- School's Forum note the contents of the report and the current financial pressures on the HNB.

- Members consider volunteering to be a part of an HNB subgroup.

4. Financial Position in 2024-25.

- 4.1 A detailed analysis of the expected overspend is given in appendix 2. There is an expected overspend of £1,927,327 in this financial year although the anticipated deficit of £20,527,751 is in line with the Management Plan of £20,724,374. This is because this year's overspend of £1.9m is matched by an almost equivalent underspend in 2023-24.
- 4.2 Whilst the 2 years balance out there is a large problem in that the 2024-25 overspend will continue and is projected to rise in future years. Part of this is due to the full year effect (fye) of this years spend. For example, a placement made in September 2024 only has a 7/12ths impact in this financial year. In 2025-26 there is a full year's impact. This alone is expected to increase spend by £1.6m in 25-26 (and is net of the leavers) in relation to EHCP's in mainstream schools.

4.3 The major variances in 2025-26 are as follows: -

Table 1.

Heading	Variance £m	Commentary
Special Schools	-0.5	Overall reduction of places being filled. It is hoped to fill and expand special school provision in order to reduce the need for independent provision.
Resourced Provision	-1.0	There is slippage in filling RP provision. This is a major concern because it is a large part of the Management Plan to reduce the requirement on the independent sector.
Mainstream Bury EHCP	1.7	The number and cost of EHCP's in mainstream schools is increasing at a huge rate. See table below
OOB Ind Special Schools	1.9	Bury is a large spender in this area and it is necessary to reduce this by increasing local provision over the next few years.
OOB other LA's Mainstream	0.8	This is in line with increase numbers and costs in Bury schools.
Additional Grant	-0.8	Mainly due to additional funding for Brookhaven (New Free Special school)
Net Overspend on Major Variances	2.1	
Other Variances net	-0.2	
Total Net Overspend	1.9	

The major concern is the increase in numbers and costs of EHCP's in mainstream schools. See below.

Table 2

Year	Number Top Ups	Average Cost £	Annual Cost £	Increase From Previous Year £	Increase On Numbers £	Increase on Average Cost £
2022-23	782	8,090	6,326,380			
2023-24	913	8,619	7,869,147	1,542,767	1,129,089	413,678
2024-25	1,026	9,649	9,899,874	2,030,727	1,090,337	940,390
2025-26	1153	10802	12,454,706	2,554,832	1,371,854	1,182,978
				6,128,326	3,591,280	2,537,046
2026-27	1296	10802	13,999,392			

4.4 From 2022-23 the cost of EHCP's is expected to increase by £6.128m. Of this £3.6m relates to numbers and £2.5m for cost. The cost of £2.5m is a result of more EHCP's being allocated at higher banding rates.

4.5 Bury is significantly above its statistical neighbours for the number of EHCP's (see appendix 3). If Bury was at the average for statistical neighbours, costs would reduce by approximately £13m.

5. Management Plan and Current Forecasts

A summary of the current Management Plan is shown below: -

Table 3

	2025-26	2026-27	2027-28	2028-29
	Mitigated Forecast	Mitigated Forecast	Mitigated Forecast	Mitigated Forecast
1. Expenditure (Positive figures)	£k	£k	£k	£k
High needs Block Total Expenditure	49,676	49,605	49,140	49,778
2. DSG income (Negative figures)				
High needs block	-47,998	-49,438	-50,922	-52,449
CCG contributions	-1,600	-1,600	-1,600	-1,600
Other	-2,662	-2,651	-2,141	-1,267
4. Block transfers				
High needs block	-795	-819	-843	-868
	-53,055	-54,508	-55,506	-56,184
5. In year net position deficit / (surplus)				
High needs block	-3.38	-4.90	-6.37	-6.41
Add brought forward deficit from Plan	20.724			
Planned year end position	17.346	12.442	6.076	-0.330

5.1 The plan, along with various saving initiatives, is to bring the HNB in to balance by 2028-29. This was an ambitious plan and has now slipped due to:

- Increased demand for EHCP's
- Slippage in opening new provision (e.g. Resource Provision)

5.2 It is not considered that expenditure will stay within the Management Plan and revised figures for the DFE will be updated by the deadline of 27th November 2024. This is later than the deadline for submitting this report and therefore a verbal update will need to be given.

5.3 It should be noted that the plan relies on approximately £800k to be transferred each year from the Schools Block into the HNB. Part of another report is to request Forum to approve this for 2025-26. The

actual amount will depend upon the balance left within the Schools Block after the ISB is allocated. It is expected that this will be less than 0.5%.

6 Governance

- 6.1 Governance around the Management Plan has focused mainly on the Project Safety Valve (PSV) Delivery Board. Now that the Plan needs to be revised there will be a need to increase the level of reporting and governance. This includes reports to Council Members, (via monitoring timetable) Schools Forum as well as the DFE. This is in addition to the regular reporting to the PSV Delivery Board.
- 6.2 In terms of Schools Forum there has not recently been any detailed monitoring reports on HNB submitted, which will need to change. HNB reports can be complex, and it would be helpful if a HNB subgroup could be formed to consider the HNB costs and pressures in more detail. (This is common practice in many local authorities)

7 Conclusion

It is concluded that: -

- There is significant slippage on the plans which were (and still are) designed to reduce pressures on more expensive placements.
- Demand on EHCP's in mainstream schools has increased significantly.
- As a result of the above the Plan needs to be revised.
- Governance around the Plan needs to be strengthened.
- The plan relies on approximately £800k p.a. to be transferred from the Schools Block.

The recommendations in connection with these are given in paragraph 3.



Department
for Education

Dedicated Schools Grant ‘Safety Valve’ Agreement: Bury

1. This agreement is between the Department for Education and Bury Council, and covers the financial years from 2020-21 to 2028-29.
2. The authority undertakes to reach a positive in-year balance on its Dedicated Schools Grant (DSG) account by the end of 2028-29 and in each subsequent year. The authority undertakes to control and reduce the cumulative deficit as follows:

Year	Maximum Forecast DSG Deficit Profile at Year End ¹ £m
2020-21	£27.4m
2021-22	£30.5m
2022-23	£30.6m
2023-24	£32.6m
2024-25	£33.7m
2025-26	£30.3m
2026-27	£26.4m
2027-28	£21.1m
2028-29	£15.7m

3. The authority agrees to implement the action plan that it has set out. This includes action to:
 - 3.1 Improve their early years identification and intervention strategy to prevent the need for escalation where possible, including targeting transition points at primary and secondary phases;
 - 3.2 Ensure robust planning for future provision by increasing the availability and suitability of local special schools and alternative provision within Bury;
 - 3.3 Improve the quality and timeliness of management information to enable evaluation of impact of central services, ensuring that the council has the relevant staffing, expertise, and representation to fulfil the aims of its agreement;

¹ This profile includes contributions that the council will make from its own resources to reduce the DSG deficit.

- 3.4 Design and implement appropriate policy and guidance for children and young people in education otherwise than at school (EOTAS) to reduce health interventions and high needs spending;
 - 3.5 Increase collaboration and coproduction, in particular with local schools, to foster a culture of change in alignment with the council's graduated approach. As part of this requirement, the council must ensure clear expectations and contribution from relevant partners.
4. The authority also agrees to ongoing monitoring of its performance in fulfilling this agreement. The authority will:
 - 4.1 Report tri-annually (as a minimum) in writing to the Department (Funding Policy Unit) on its progress towards implementing the plan as per the conditions set out in paragraphs 2 and 3;
 - 4.2 Inform the Department (Funding Policy Unit) of any unforeseen difficulties or impacts of carrying out the agreement, or any significant risks to reaching the agreed financial position, as soon as they arise;
 - 4.3 Meet with the Department in the last quarter of each financial year covered by this agreement to discuss progress, and update on detailed plans for the subsequent financial year;
 - 4.4 Meet with the Department at any other time when the Department deems it necessary to discuss progress towards the agreement;
 - 4.5 Provide the Department with relevant Schools Forum papers as soon as they are issued.
5. The Department agrees to pay to the authority an additional £6.00 million of DSG before the end of the financial year 2020-21. In subsequent financial years, subject to compliance with the conditions set out in paragraph 3, the Department will pay DSG sums as below. This funding will be provided in instalments and subject to continued satisfactory progress. Subject to full compliance, Bury Council should therefore eliminate their cumulative deficit no later than 2028-29.

Year	The Department agrees to pay to the authority an additional £m of DSG by year end
2020-21	£6.00m
2021-22	£4.00m
2022-23	£4.00m
2023-24	£1.00m
2024-25	£1.00m
2025-26	£1.00m
2026-27	£1.00m
2027-28	£1.00m
2028-29	£1.00m

6. The Department has also provided Bury Council with additional capital funding to support the delivery of this agreement. Progress against delivery of those capital plans should be integrated into the tri-annual reporting to the Department as part of the monitoring of this agreement.

7. This agreement is subject to review at any time, for example as a result of the following events:

7.1 Higher or lower DSG formula funding levels for the authority in future financial years than those the authority has assumed;

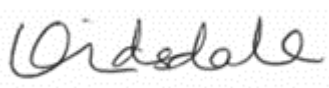
7.2 Significant changes to national SEND policy, for example as a result of the government SEND Improvement Plan, which impact on elements of the plan;

7.3 Insufficient progress being made towards the authority reaching and sustaining an in-year balance on its DSG account as set out in the plan;

7.4 Whether Bury Council is awarded additional capital funding support following the capital application process.

The review process will include an assessment of the impact of the change in circumstances.

On behalf of Bury Council, signed by:



Lynne Ridsdale, Chief Executive (08/03/2024)



Jeanette Richards, Director of Children's Services (08/03/2024)



Paul McKeivitt, Director of Finance and S151 Officer (07/03/2024)

On behalf of the Department for Education, signed by:



Tom Goldman – Deputy Director, Funding Policy Unit

Heading	Management Plan Jan 2024	Current Month Forecast	Variance between Budget & Current
	(Positive = Overspend)		
	£	£	£
Cloughside	1,674,922	1,586,628	-88,294
Millwood	4,516,110	4,915,438	399,328
Elms Bank	9,282,700	8,854,291	-428,409
Brookhaven	1,495,300	1,213,553	-281,747
Spring Lane PRU	2,845,200	2,762,588	-82,612
Total Special Schools & PRU	19,814,232	19,332,499	-481,733
Chantlers RP	206,000	161,272	-44,728
East Ward RP (Academy)	324,000	299,163	-24,837
Higher Lane Primary RP (Academy)	206,000	214,490	8,490
Mersey Drive RP	252,000	239,394	-12,606
Our Lady of Lourdes Primary RP	180,000	164,331	-15,669
Our Lady of Lourdes Primary RP (Phase 2)	180,000	34,865	-145,135
St Johns & St Marks RP	118,000	0	-118,000
Summerseat RP (Academy)	108,000	144,353	36,353
Summerseat Ladybird RP (Academy)	231,000	0	-231,000
Tottington Primary RP (Academy)	45,000	45,000	0
Unsworth Primary RP (Academy)	262,105	248,031	-14,074
Whitefield Primary RP	118,000	0	-118,000
Woodbank RP (Academy)	118,000	118,836	836
Derby High RP	104,000	0	-104,000
Hazelwood High RP (Academy)	196,000	0	-196,000
Woodhey High RP (Academy)	323,400	254,878	-68,522
Total Resource Provision	2,971,505	1,924,613	-1,046,892
Mainstream EHCP Top-Up	8,212,958	9,939,234	1,726,276
Recoupment from Other LAs	-500,000	-320,281	179,719
Out-Borough INMS	11,478,277	13,403,500	1,925,223
Out-Borough - Other Local Authorities	827,560	1,609,500	781,940
Post-16 SEND Commissioned Places	1,779,000	1,908,178	129,178
Alternative Provision	875,500	952,600	77,100
Personal Budgets for Education (EOTAS)	730,000	660,369	-69,631
Therapy Funding for SEND Pupils	72,100	32,642	-39,458
TOTAL EHCP Funding	23,475,395	28,185,742	4,710,347
Primary Inclusion Partnerships	169,400	169,700	300
Outreach Team	678,500	414,500	-264,000
Secondary Inclusion Partnerships	33,000	83,000	50,000
Secondary Inclusion Hubs (Closed)	50,000	0	-50,000
Total Inclusion & Outreach	930,900	667,200	-263,700

Heading	Management Plan Jan 2024	Current Month Forecast	Variance between Budget & Current
	(Positive = Overspend)		
	£	£	£
Home Tuition	82,900	119,700	36,800
Hospital Tuition	0	35,800	35,800
Total Home/Hospital Tuition	82,900	155,500	72,600
Bury Safeguarding Children Partnership - Re-charge	200,900	40,000	-160,900
Visual / Hearing Impairment (Sensory Support)	1,027,900	968,000	-59,900
Total Send Support Services	1,228,800	1,008,000	-220,800
Total HNB Expenditure	48,503,732	51,273,554	2,769,822
DSG High Needs Block Income	-46,600,400	-47,464,209	-863,809
FE Recoupment, Imports/Exports	1,194,800	1,194,000	-800
Bury Blocks Transfer	-771,635	-721,811	49,824
Health Service Contribution	-1,600,000	-1,600,000	0
Total Income in HNB	-47,777,235	-48,592,020	-814,785
.			
BALANCE DSG Income Less Expenditure	726,497	2,681,534	1,955,037
PSV Expenditure	442,800	415,000	-27,800
PSV Income	-1,000,000	-1,000,000	0
Remaining PSV Funding	-557,200	-585,000	-27,800
.			
BALANCE HNB Including PSV Contribution	169,297	2,096,534	1,927,237
.			
Deficit B/F			18,459,290
.			
Deficit C/F into 25-26			20,555,824
.			
Expected Deficit per Management Plan			20,724,374

Year	Bury 2024-25	5 Closest Stat Nebrs 2024-25	10 Closest Stat Nebrs 2024-25
Population (2 - 18 years)	41,780	446,522	1,111,813
Number, per 1000 population, aged up to 25 with EHCP plan	64.3	48.9	47.8
of these, placements in:			
Mainstream schools or academies	29.8	18.5	16.0
Resourced provision or SEN units	0.9	1.2	1.9
Maintained special schools or special academies	13.6	14.6	14.7
NMSS or independent schools*	6.2	3.5	3.8
Hospital schools or alternative provision	1.8	0.4	0.2
Post 16	6.5	6.4	6.3
Other	5.5	4.3	5.0

* There are significantly more in independent schools than comparative neighbours. This highlights the need for more local provision.

Bury is approximately 664 EHCP's over it's statistical neighbours
 EHCP's can cost £2k up to £200k for IND SS places.
 At Bury the average cost of an EHCP is £19,600.

If Bury was at the average costs would reduce by

£

13,011,421