



Schools Forum

Date: Monday, 16 November 2020

Time: 4.00 pm

Venue: Virtual Meeting with Remote Participants

Membership of the Schools Forum

Secondary Sector Headteachers (1) Gillian Houghton

Primary Sector Headteachers (4) Mike Cooke, Hatim Kapacee, Saeeda Ishaq, Gavin Shortall

Primary Sector Governors (4) Nichola Davidge, Tony Daly, Michael Flanagan, Philip Geldard

Special School Headteachers (1) Alan Braven

Special School Governor (1) Walid Omara

Academy Representative (7) Joseph Brownridge, Helen Child, Andy Park, Emma Merva, Joshua Rowe, Micheal Carson, Edward Vitalis

Pupil Referral Unit Representative (1) Phil Hoyland

Nursery School Representative (1) Joanne Fenton

Non-School Members (6) Isobel Booter, Councillor Stone, Cath Baggaley, John Morgan, Elizabeth Cummings, Jimmy Buckley, Antonio de Paola

Agenda

- 1. Election of the Chair and Vice Chair**
To appoint the Chair and Vice Chair of the Forum for the rest of the academic year.
- 2. Urgent Business**
To consider any items which the Chair has agreed to have submitted as urgent
- 3. Appeals**
To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda
- 4. Minutes** 5 - 10
To note as a correct record the minutes of the last meeting
- 5. Council Budget and Savings Options** 11 - 16
The report of the Directorate Finance Lead – Children and Schools is enclosed
- 6. De-delegated Budgets 2021/22** 17 - 22
The report of the Directorate Finance Lead – Children’s and Schools is enclosed
- 7. Dedicated Schools Grant (DSG) Position** 23 - 28
The report of the Directorate Finance Lead – Children’s and Schools is enclosed
- 8. High Needs Block Recovery** 29 - 38

Information about the Forum

Schools are represented on the Forum by headteachers and school governors, elected to reflect all categories of school. In Manchester; there are non-school representatives from the teacher associations; additional non-voting places are reserved for invited elected members and representatives of other interested bodies.

The Forum members work together to provide a clear consensus of professional advice to education decision-makers, to achieve a transparent deployment of available resources. The Forum provides a formal channel of communication between the Council and schools for consultation concerning the funding of schools, and aims to agree recommendations which present the best possible compromise between competing claims on limited resources; has strategic oversight of ALL funding decisions affecting schools, and is involved in annual consultation in respect of the Council's functions relating to the schools budget in connection with the following:

- pupils with SEN (Special Educational Needs)
- early years
- revisions to the Council's scheme for the financing of schools
- administration of central government grants to schools including Standards Funds
- arrangements for free school meals

The Forum must be consulted on any proposed changes to the Council's school funding formula, and the financial effects of any proposed changes.

Smoking is not allowed in Council buildings.

Joanne Roney OBE
Chief Executive
Level 3, Town Hall Extension,
Albert Square,
Manchester, M60 2LA

Further Information

For help, advice and information about this meeting please contact the Committee Officer:

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This agenda was issued on **Thursday, 5 November 2020** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Mount Street Elevation), Manchester M60 2LA

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Manchester Schools Forum

Minutes of the meeting held on 21 September 2020

Present: Nichola Davidge, Edward Vitalis, Phil Hoyland, Isobel Booter, Councillor Stone, Antonio De Paola, Alan Braven, Mike Cooke, Andy Park, Michael Carson, Michael Flanagan, Joshua Rowe, Tony Daly, John Morgan, Hatim Kapacee, Saeeda Ishaq

Also present:

Jimmy Buckley (Observer), Gavin Shorthall (Observer)

Apologies: Cath Baggley, Joanne Fenton

SF/20/08 Chair of the meeting and Membership of the Forum

Andy Park – Vice Chair of the Forum advised that he would be chairing the meeting in the role of Vice Chair since Ian Fenn had retired in April 2020, An election of the new chair and Vice Chair would be dealt with at the next meeting of the Forum.

The Directorate Finance Lead - Children's and Schools added that there were also a number of vacancies on the Forum which the Local Authority was seeking to fill. A member enquired about the number of available places for Trades Union members on the Forum to better reflect the views of staff. The Chair agreed to add a report on the Constitution discussing its formulaic membership to a future meeting of the Forum.

Decisions

1. To note that there will be an election of the Chair and Vice Chair of Forum at the next scheduled meeting.
2. To add a report on the Constitution discussing membership to a future meeting of the Forum.

SF/20/09 Minutes

It was explained that the minutes of the last meeting, held on 16 March 2020 were not available at the time of the meeting. The Chair said that those minutes would be submitted to the next meeting of the Forum.

Decision

To note that the minutes of the meetings held on 16 March 2020 would be submitted to the November 2020 meeting of the Forum.

SF/20/10 Dedicated Schools Grant and School Balances Outturn 2019/20

The Forum considered a report of the Directorate Finance Lead – Children and

Schools which discussed the provisional outturn for Manchester maintained schools. The report set out the outturn position on school balances as at 31 March 2020 as well as the provisional outturn position on the Dedicated Schools Grant (DSG) which included the centrally retained DSG.

The main headlines were an overall surplus of £14.81m, a decrease of £11.42m in the total Schools Balances (Revenue and Capital) held compared to 2018/19. The final position on the centrally retained element of the DSG was reported as an overspend of £4.28m.

It was highlighted that in light of the COVID-19 pandemic, the Local Authority (LA) had acknowledged that schools would be burdened with additional costs and was keen to facilitate business continuity where possible. It had therefore been decided that the automatic excessive surplus balance clawback would not be implemented in 2020/21. The Forum was asked to approve the DSG deficit balance on central expenditure carried forward to 2020/21 of (£4.28m) and note that the suspension of the clawback mechanism meant that the planned timescale for recovery of the deficit to support the High Needs Block (HNB) would be altered. The clawback would however recommence the following financial year and be used to support the HNB deficit.

There was a discussion about the suspension of capital projects during the pandemic and the importance of ensuring Headteachers were aware of the LA's intention to reinstate the clawback the following financial year when managing their budgets.

The Director of Education talked about the uneven picture across the city in terms of school balances. In the context of some schools being either in deficit, within the allowable threshold or above that threshold, there was a discussion about how this impacted on a school's ability to meet the additional costs that arise from the requirement to have anti COVID measures in place. This financial disparity was felt by some members of the Forum to be unfair. The Director of Education acknowledged the added difficulties schools faced as a result of the pandemic but stressed that the LA was not in a position to even out the balances across the city outside of the COVID Fund for Schools.

Decisions

1. To note Local Authority maintained school balances as at 2019/20
2. To note the Dedicated Schools Grant deficit balance to be carried forward into 2020/21
3. To note the suspension of the automatic Excessive Surplus Balance Mechanism for 2020/21 in light of the COVID-19 pandemic.
4. To note that the Local Authority intends to resume the automatic Excessive Surplus Balance Mechanism for the next financial year.

SF/20/11 Outcome of Financial Transparency Consultation

The Forum considered a report of the Directorate Finance Lead - Children's and Schools which discussed the outcome of the government Consultation on the financial transparency of Local Authority (LA) maintained schools and Academies.

The Consultation had outlined the current financial transparency arrangement for maintained schools, and proposed a number of changes to bring arrangements in line with those for Academies, which the Government consider to have greater transparency. The driver for this was reported as a higher percentage amongst maintained schools across England that accumulate a deficit when compared to Academy Trusts. The impact of those changes for schools and LA were set out in the report and the Forum was asked to comment on that.

The report set out the eight proposals that had been circulated in the Consultation, seven of which would be implemented. It was explained that as a result of consultation responses, the proposal for a minimum of a three-year audit cycles for maintained schools had subsequently been withdrawn, however the DfE planned to work with LAs to identify how audits could be more regular and targeted effectively. The Directorate Finance Lead - Children's and Schools said that Manchester already requires schools to provide multi-year budgets and the role of School Assurance meetings was highlighted. The Directorate Finance Lead - Children's and Schools said that strengthened work with schools that are in deficit or with low balances would form the majority of the work required.

The Forum noted that the additional requirements would need to be reflected in the Scheme for Financing schools and the Financial Regulations, and would therefore be presented to a future meeting of the Forum for consideration.

Decision

1. To note the changes that will arise from the consultation on the financial transparency of LA maintained schools and academies.
2. To note that the additional requirements would need to be reflected in the Scheme for Financing schools and the Financial Regulations, and would be presented to a future meeting of the Forum for consideration.

SF/20/12 Growth Fund: Post Opening Grant – New Schools

The Forum considered a report of the Directorate Finance Lead - Children's and Schools which discussed a proposal to align the Local Authority's (LA) Post Opening Grant (POG) mechanism with that of the scheme that is operated by the Department for Education (DfE). This was so that, in future, a new school could be opened with the support of the LA and be offered the same level of funding as that which is in place for new Free Schools. In doing so it would also and provide a simpler, more straightforward and more equitable scheme.

The report set out the LA's current funding arrangement alongside that for the DfE and proposed that the LA amends its funding of post operating costs to mirror the DfE's approach. It was highlighted that the expectation was for this amendment to cost more across the full growth period of the new school, however this was felt to be an affordable increase that the LA's Growth Fund budget could currently absorb.

The Directorate Finance Lead - Children's and Schools talked the Forum through the main aspects of the report. The Forum subsequently approved the amendment to the Post Opening Grant element of the Local Authority's Growth Fund criteria for new

schools.

Decision

To approve the amendment to the Post Opening Grant element of the Local Authority's Growth Fund criteria for new schools

SF/20/13 Provisional Funding Settlement

The Forum considered a report of the Directorate Finance Lead - Children's and Schools which summarised the recently announced provisional School Funding settlement for 2021/22, which forms the second year of a £14.4bn three-year funding settlement. The report set out the announcement's main headlines for the Schools and High Needs elements of funding and outlined the potential impact on Manchester based on the interpretation of those announcements. The Directorate Finance Lead - Children's and Schools talked the Forum through the main aspects of the report. The Forum was asked to note the projections on how the Settlement would affect Manchester schools and provide comment. It was noted that the final Settlement would not be announced until December 2020 following the October census data and that it was anticipated that the DfE would put forward proposals to implement the National Funding Formula (NFF).

The Forum was keen to understand what the financial outcome would be for Manchester schools in real terms taking into account inflationary factors such as the Teachers' Pension Grant, the impacts of the introduction of the NFF and the Minimum Funding Guarantee. The Forum acknowledged that the introduction of the NFF had been subject to delay for a number of years but was assured that ongoing discussion about the rollout with the DfE, indicated that there was now greater certainty around its implementation. The Directorate Finance Lead - Children's and Schools assured the Forum that once the Settlement was finalised, the associated funding statement would be as transparent as possible.

There was a discussion about pupil growth, including those with higher needs. A member asked about the feasibility of an increase in per pupil funding for High Needs pupils. The Directorate Finance Lead - Children's and Schools explained that because of the growth in Manchester's population it would not be financially viable given existing, long-standing pressures on the Block. The Member then spoke about increasing difficulties meeting the needs of pupils with Social, Emotional and Mental Health Needs as a result of that. The Director of Education agreed to bring a report to Forum on projections for pupil growth in the city. She referred to lots of positive work having taken place with the DfE to reflect growth in the High Needs Block as well as considerable amount of work undertaken by the LA to deliver efficiencies in post-16 elements and Out Of City placements which would soon begin to reap benefits.

Decision

1. To note the School Funding Settlement headlines.
2. To note that Manchester has yet not received its' confirmed settlement and, at this stage, the estimates of grant increases are based on the interpretation of

recent announcements.

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Manchester City Council Report for Resolution

Report to: [Schools Forum](#)

Subject: Council Budget and Savings Options

Report of: Directorate Finance Lead – Children’s and Schools

Summary

It is anticipated the implications of COVID-19 will have a significant impact on the Council’s finances for several years, currently the Council is facing a significant funding gap for 2021/22 which is estimated to be £105m; £159m for 2022/23; and c£122m thereafter.

This report details the savings options that are deemed to potentially impact on schools.

Recommendation

Following consideration of the reports by the Council’s Executive on 11th November, an eight-week formal public consultation will be launched on specific identified options and the general consultation on all of the Council’s budget options will be launched. The general consultation will run through to the Executive in early 2021. The Council’s budget proposals for 2020/21 will be subject to further refinement following feedback from public consultation and scrutiny committees.

Schools Forum is requested to note the report.

Contact Officers:

Name: Reena Kohli

Position: Directorate Lead Children and Families Finance

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Supporting Reports:

3 rd November 2020	Resources and Governance Scrutiny Committee
4 th November 2020	Children and Education Services Budget 2021/22 - 2024/25 Children and Young People Scrutiny Committee

1. INTRODUCTION

- 1.1. It is anticipated the implications of the pandemic will have a significant impact on the Council's finances for several years, currently the Council is facing a significant funding gap for 2021/22 which is estimated to be £105m; £159m for 2022/23; and c£122m thereafter.
- 1.2. With the likely scale of funding pressures and future resource reductions, it is important that the Council holds a robust position on reserves and maintains the ability to deal with issues that arise during the financial year. It must be stressed no figures for the national Financial Settlement for 2021/22 have been confirmed at this stage and so these figures are an estimate, and the position will change as more information becomes available.
- 1.3. The Council's budget proposals for 2021/22 and onwards will be subject to further refinement following feedback from public consultation and scrutiny committees. In addition, the figures may be subject to change following the contents of the local government Finance Settlement which is expected mid-late December 2020. At this point an indicative date has not been provided for the likely publication of the Settlement. Final budget proposals will be made to Scrutiny and Executive in February 2021.
- 1.4. This report details the savings options that are deemed to potentially impact on schools.

2. BACKGROUND

- 2.1. On 21st October, the government announced the Spending Review will be published at the end of November and will be for one year only, in order to prioritise the response to COVID-19 and the focus on supporting jobs. Detailed funding allocations for the Council will only be made available as part of the provisional Local Government Finance Settlement, normally late in December.
- 2.2. Due to the scale of the budget gap some decisions will be required in advance of the Spending Review and the Local Government Finance Settlement to enable the budget to be balanced next year. A programme of c£50m cuts are therefore being put forward by officers for consultation now so they can be fully delivered in time for 2021/22. Where possible these are designed to protect front line services. It is likely there will be some further support in the Spending Review although due to the extent of the financial gap further cuts will be required in the future. It is not known what funding the Council will get after 2020/21 and work will be required to ensure that where possible further cuts are carefully planned as part of the Future Shape of the Council work.
- 2.3. The table below provides the savings by Directorate subject to consultation:

	Amount of Saving Option
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	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000
Adults Services	20,000	0	0	0	20,000
Population Health	0	0	0	0	0
Children Services	12,656	(152)	(1,309)	100	11,295
Homelessness	2,835	739	0	0	3,574
Neighbourhoods (Incl. Highways)	7,083	493	100	100	7,776
Growth and Development	2,024	591	604	(905)	2,314
Corporate Core	6,455	672	0	0	7,127
Total Savings Options	51,053	2,343	(605)	(705)	52,086

3. SAVINGS OPTIONS POTENTIALLY IMPACTING ON SCHOOL ACTIVITY

3.1. **Service Level Agreements with Schools** - Education Services have reviewed their Service Level Agreements with schools. It is proposed that:

- The Newly Qualified Teacher offer current charge has been benchmarked against other providers and it is believed that the charge can be increased without reducing take-up.
- Key Stage Two writing moderation is currently free to all our schools. It is proposed primary academies are charged £200 for MCC to be the moderation provider.
- Quality Assurance, the Council currently pay for every school to have a Quality Assurance Professional visit. This is a key aspect of the Council's assurance of our school system. It is proposed academies are charged 50% of the £475 cost per visit.

It is anticipated the activity above would generate **£30k** 2021/22 onwards.

3.2. **Schools Quality Assurance** - The School Improvement grant is currently £420k per annum. Part of the grant could be used to fund School Quality Assurance officers in order to release capacity in the council budget. It is proposed that **£300k** is saved in 2021/22. This would reduce to **£150k** 2022/23 onwards as this would ensure Education is able to retain some of the quality assurance model which has been highly successful and effective in ensuring an improving school system built on a high level of trust with MCC. The current use of the grant allows for strategic intervention with our schools on maths, phonics and reading, leadership support all with evidenced impact and based on risk assessments and other data for all Manchester schools. Reduced funding within the school improvement grant would therefore mean that there were fewer interventions available and a far more targeted approach would be required.

- 3.3. **Free Travel** - A local authority has a statutory duty to provide transport assistance if the nearest available school is not within statutory walking distance of the child's home as set out in the Education Act 1996 (as amended) or to certain children whose families are on a low income (Schedule 35B to the 1996 Education Act). Otherwise, the provision of transport assistance is at the local authority's discretion. Only where children meet the criteria in this policy will they be entitled to transport assistance between their home and school. This policy does not apply to children with Education Health Care Plans. The proposal is that a **£400k** saving is made from the Free Travel budget 2021/22 onwards based on the current level of applications made to free travel following a review of the free travel policy and the creation of more secondary school places across the city.
- 3.4. **Early Years Speech and Language Commission** - The original scale of investment in Early Years **speech and language**, £436k is not required in the medium term as a key aspect of this commission involves training of the Early Years' and health workforce, which has already been delivered at scale. A revised speech and language therapy pathway that maintains a commitment to early intervention and prevention and Wellcomm screening will be redesigned with our partners. This will allow us time to respond to the disproportionate impact arising from COVID-19. It is proposed there would be a phasing to the reductions incrementally over a three-year period, starting in 2022/23 at a rate of **£100k** per annum.
- 3.5. **Dedicated Schools Grant (£1m)** - Contribution to support to multi-agency placements has been reduced in 2020/21 and will be drawn down upon on a one-off basis in 2021/22.
- 3.6. **The School Catering (£450k)** - The service is in a position of terminal decline as schools opt for cheaper providers, resulting in continuously reducing economies of scale. The income from the service has reduced considerably. The net budget in 2018 was for surplus income of £620k with a service being provided to 90 schools. The service is now being provided to 74 schools with a net income target of just £60k. The budget includes a contribution of £434k from reserves which means that the service costs £374k to operate. A report is being prepared to go to Executive in December 2020 with a proposal to accelerate the withdrawal of the Council's offer for the school meals provider market in 2021/22 in order to avoid the need for further revenue support to the school meals function. Cost avoidance is c£450k. Staff directly employed in this service will transfer, either to the school or if the school preferred to commission the service, to another provider.

4. FUTHER AREAS FOR CONSIDERATION SUBJECT TO THE OUTCOME OF THE LOCAL AUTHORITY SETTLEMENT

- 4.1. The outcome of the spending review is presently unknown. However, given the anticipated deficit in the Local Authority's budget, other options are being developed, for Children and Education Services Directorate potentially total

£7.381m. Subject to feedback from the consultation arrangements, these would be options the Directorate would seek to avoid but dependent upon Manchester City Council's settlement may have to be given due consideration. These options will have to a lesser or greater extent have the following impact/risks:

- Adversely impact the most vulnerable children in the City
- Capacity to sustain progress and limiting the scope to reform/innovate
- Reduce work with schools which could impact on the positive relationship which currently exists between schools and LA and risks fragmentation of the school system in the City.
- Increase numbers of young people not in education, employment or training
- A significantly reduced preventative service/offer leading to compromised specialist services, increases in social work caseloads, quality of practice, unmet need, edge of care leading to:
 - Increased care costs
 - Judicial costs/review
 - Reduced effectiveness and efficiency of the Directorate
 - Potential reputational harm for MCC

5. NEXT STEPS AND RECOMMENDATION

- 5.1. Following consideration of the reports by the Council's Executive on 11th November, an eight-week formal public consultation will be launched on specific identified options and the general consultation on all of the Council's budget options will be launched. The general consultation will run through to the Executive in early 2021. The Council's budget proposals for 2020/21 will be subject to further refinement following feedback from public consultation and scrutiny committees.
- 5.2. Schools Forum is asked to note the report.

Manchester City Council Report for Resolution

Report to: Schools Forum

Subject: De-delegated Budgets 2021/22

Report of: Directorate Finance Lead – Children’s and Schools

Summary

De-delegation is an option that enables some services to maintained schools to be provided centrally, and the funding to do so is retained by the local authority. If de-delegation stops, then the centrally retained funding would be delegated in the main school budget and the local authority would either stop providing or would charge for the service.

The “de-delegation” approach means that the deductions occur after the formula has run and individual schools can see the cost of each element in their budget share.

The purpose of the report is to seek permissions on the deduction of trade union and education services grant duties, and the on-line free school meals software costs, from maintained school budgets, with the approval of the relevant sector representative of Schools Forum.

Recommendations

In accordance with Schools Forum powers, maintained schools’ representatives are asked to approve de-delegation for the following:

- Trade Union Duties: £200k which at current pupil levels equates to £5.18 per school aged pupil (section 2).
- Education Services Grant General Duties: £500k which at current pupil levels equates to £13.01 per school aged pupil (section 3).

Maintained school representatives are asked to recommend on one of two following options regarding the on-line free school meal (FSM) checking software (section 4).

- **Option A:** LA to seek extension of on-line FSM checking software contract for 12 months and include in de-delegation.
- **Option B:** Current contract to end and schools to seek contracts with providers directly.

Contact Officers:

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1. INTRODUCTION

- 1.1. Schools Finance Regulations sets out that certain amounts can be deducted from maintained school budgets with the approval of the sector representative at Schools Forum. Most of the items concerned were previously centrally top-sliced so that the funding was not included in the total available for distribution by formula. The “de-delegation” approach means that the deductions occur after the formula has run and individual schools can see the cost of each element in their budget share.
- 1.2. In line with Schools Finance Regulations, the Local Authority (LA) is seeking Forum (maintained school representatives only) approval to the proposed schools block de-delegation of budgets 2021/22, in respect of maintained primary and secondary schools only:
 - Trade Union Facility £200k
 - Education Services General Duties (ESG) £0.5m
 - On-line Free School Meal (FSM) checking software – Options A & B listed in section 4

2. Trade Union Facility Arrangements

- 2.1. Facilities time is provided for specific Trade Unions representatives to represent staff in other schools and academies where required, and cover for these representatives are reimbursed to the employing school through this budget. This covers the support of staff at all levels of seniority and includes representatives for a range of teaching and support staff from Trade Unions. Based on current academy conversions and pupil numbers based on January 2020 census, this equates to a de-delegated budget of £200k, which is approximately £5.18 per pupil. This is an increase of 36p per pupil compared to previous financial year at £4.82 per pupil, but lower than 2019/20 rate of £6.14 rate. The increase this financial year is mainly due to the increase of salary costs and the union recharge. These provisional figures will be re-worked once the October 2020 census data is available and reported to Forum in January 2021.
- 2.2. The Union also offers this service on a traded basis to academies, special and nursery schools, at the same rate as maintained schools. Currently fifty-three academies (79%), all sixteen special schools, and both nursery schools purchase this SLA. There has been an increase in the take-up of the traded offer since 2019/20, which has enabled the rate to be maintained below the 2019/20 rate of £6.14.
- 2.3. Schools Forum members representing maintained schools are asked to approve the de-delegation of the Trade Union budget 2021/22.

3. Education Services General (ESG) Duties for Maintained Schools

- 3.1. It is proposed that £0.5m is held by the LA to cover statutory general duties which were previously covered through general element of education services grant. Table one below provides an outline of the contribution to current general rate ESG funded budgets. Based on current academy conversions and estimated pupil numbers, this equates to a budget of £0.5m, which is approximately £13.01 per pupil, subject to

confirmation of the October 2020 census.

Table one: Former Education Services grant duties

General former Education Services Grant Duties	£000	
Human Resources advice to maintained schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff, determination of conditions of service for nonteaching staff, appointment or dismissal of employee function	61	Contribution to cost of Schools Humans Resources Manager post.
Governor Support Advice to maintained schools around appointment of governors	68	Contribution to Governor Support Team (not funded from other sources of education funding)
Quality Assurance To monitor performance of maintained schools, broker school improvement provision, and intervene as appropriate.	321	Contribution to cost of six Senior Quality Assurance posts. Plus supports the moderation of assessments for National Curriculum monitoring.
Asset Management General landlord duties for all maintained schools. General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974).	50	Contribution to cost of Asset Management post.
Total	500	

- 3.2. Schools Forum members representing maintained schools are asked to approve the de-delegation of the ESG budget 2021/22.

4. On-line Free School Meal (FSM) Checking Software

- 4.1. At present, maintained schools use the online free school meals (FSM) software to check pupils' eligibility to free school meals. The online FSM system has helped schools maximise funding through DSG and Pupil Premium, identifying additional eligible pupils sooner.
- 4.2. The current contract, a three-year software licence with Capita, was secured by the LA in May 2018, at a significant discount for maintained schools at a total cost £123k. The cost of this license in 2020/21 was £42k, equating to £1.10 per school aged pupil. The current contract is expected to end at the end of March 2021, it was intended that when this contract ended schools would go directly to the

provider for the software licence.

4.3. For the year 2021/22, the Local Authority advises of two options for schools to continue accessing the on-line FSM checking software:

- **Option A:** The LA appreciates the burdens on schools due to COVID-19 pressures and would like to seek Forum's opinion on facilitating this transition by seeking an extension of the current FSM checking software contract with Capita for an additional 12 months. If an extension is possible under the contract the LA would continue to de-delegate budgets from schools accordingly. The 2021/22 contract value is to be determined but is expected to be higher than the 2020/21 discounted cost of £42k. The LA can report back further details regarding the contract extension, anticipated costings in the January 2020 Forum meeting.
- **Option B:** LA to cease de-delegation of school budgets for FSM checking software from 2021/22, with the end of the current contract (31 March 2021) and maintained schools to be advised to seek contracts with providers directly. Schools would need to have this in place for the start of the next financial year, 2021/22.

4.4. Schools Forum members representing maintained schools are asked to vote on the suggested approach: Option A or B for the de-delegation of the FSM software budget 2021/22.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. In accordance with Schools Forum powers, maintained schools' representatives are asked to approve de-delegation for the following:

- Trade Union Duties: £200k which at current pupil levels equates to £5.18 per school aged pupil (section 2).
- Education Services Grant General Duties: £500k which at current pupil levels equates to £13.01 per school aged pupil (section 3).

5.2. Maintained school representatives are asked to recommend on one of two following options regarding the on-line free school meal (FSM) checking software (section 4).

- **Option A:** LA to seek extension of on-line FSM checking software contract for 12 months and include in de-delegation.
- **Option B:** Current contract to end and schools to seek contracts with providers directly.

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Manchester City Council Report for Resolution

Report to: [Schools Forum](#)

Subject: **Dedicated Schools Grant (DSG) Position**

Report of: **Directorate Finance Lead – Children’s and Schools**

Summary

The DSG is a ring-fenced grant which local authorities receive and manage, which is split into four blocks: schools, high needs, early years, and central school services. A large proportion of it is paid directly to schools and other settings to provide majority of education services and a proportion is provided for local authorities to deliver education services.

This report sets out and explains the Dedicated Schools Grant (DSG) budget position.

Any balance from a previous financial year is carried forward and addressed in the following funding period. The DSG final position **2019/20** was an overspend of **£4.28m**, due to pressures within the High Needs Block (HNB), as reported at September 2020 Forum.

The DSG grant 2020/21 (before academy and HNB recoupment) is £560.15m, the cumulative forecast position as at 31 March 2021 is **£4.24m** deficit, this is due to pressures within the HNB, accordingly the recovery plan is focused on the HNB. A more in-depth review is provided in Agenda Item 8: High Needs Block (HNB) Recovery.

Recommendations

All Schools Forum members are asked to note and comment on:

- DSG 2020/21 outturn forecast as at Period 5 (August 2020)
- Cumulative DSG deficit forecast as at the end of 2020/21

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Supporting Reports:

21 September 2020	Schools Forum: Dedicated Schools Grant (DSG) and School Balances 2019/20 – Outturn Report
16 November 2020	High Needs Block Recovery

1. INTRODUCTION

- 1.1. Local authorities receive and manage the DSG within four blocks: early years, schools, high needs, and central school services schools. A large proportion of it is paid directly to schools and other settings to provide most education services. A proportion of the DSG is provided for local authorities to deliver education services. DSG in 2020/21 totals £560.15m, of which £239.25m is top sliced by the Department for Education (DfE) to pay for academy budgets, the balance of £320.90m is allocated over the four blocks, as shown in table one below. The HNB allocation of £80.16m includes £1.83m towards the DSG recovery

Table One: DSG 2020/21

DSG 2020/21	Annual Budget £000
Early Years Block	41,417
Schools Block	195,656
High Needs Block	80,164
Central Block	3,661
Total	320,898

- 1.2. The DSG is a ringfenced grant, so any balance from a previous financial year is carried forward and addressed in the following funding period. Table two below illustrates the final DSG position for the past three years. The £45k surplus in 2016/17 was used the following year against special school places in anticipation of expected HNB pressures. The shortfall due to pressures within the HNB, in the following two years, 2017/18 and 2018/19, was supported by the review of schools' excessive balances held for more than four years.
- 1.3. This report sets out and explains the Dedicated Schools Grant (DSG) budget position.

2. BACKGROUND

- 2.1. The DSG is a ringfenced grant, so any balance from a previous financial year is carried forward and addressed in the following funding period. Table two below illustrates the final DSG position for the past three years. The £45k surplus in 2016/17 was used the following year against special school places in anticipation of expected HNB pressures. The shortfall due to pressures within the HNB, in the following two years, 2017/18 and 2018/19, was supported by the review of school's excessive balances held for more than four years.

Table two: DSG Final Position for the past four years

	2016/17		2017/18		2018/19		2019/20	
	£000s		£000s		£000s		£000s	
Total DSG (before Academy & HNB recoupment)	472,443		492,195		518,055		530,768	
Final DSG position	45	surplus	469	Deficit	1,711	deficit	4,281	deficit
Recovery	-		Yes		Yes		-	

- 2.2. The DSG final position of £4.28m deficit 2019/20, is as a result of HNB pressures of £7.18m, this was mitigated by underspends in schools block, early years, and central services block of: (£1.44m), (£1.35m) and (£0.1m) respectively. In recognition of the national pressures within this area, Department of Education (DfE) have increased the HNB funding significantly since 2020/21. This was part of the three-year funding announcement in September 2019. The LA had previously expected to recover over a three-year period from 2020/21 to 2022/23, as reported to Forum 21 September 2020.
- 2.3. The original DSG recovery proposal was to recover the deficit over a three-year period 2020/21 to 2022/23 based on a review of the HNB and the additional funding provided by the DfE for the HNB, as outlined to Forum 21 September 2020 (agenda item 5). The recovery assigned in 2020/21 of £1.83m cannot be fully realised at this point in the financial year, it is expected £1.20m to be assigned towards recovery, further details in section 2 below. A more detailed recovery plan (agenda item 8) of the HNB is required to ensure that the DSG deficit can be recovered over three years.

3. DEDICATED SCHOOLS GRANTS (DSG) PERIOD 5 2020/21

- 3.1. Table three below shows the Period 5 DSG outturn forecast, with a projected in-year overspend of £1.16m, which represents various overspends against core DSG blocks offset by a reduction of £0.63m in the planned recovery of the DSG deficit. Pressures within the HNB are being reviewed, main pressures include Education Health and Care plans (EHCP) and post 16 provision.

Table three: P5 DSG 2020/21 In-year Projection

Monitoring Period 5 2020/21 - In year Position			
	Annual Budget	Projected Outturn	Projected Variance from Budget
SERVICE AREA	£000	£000	£000
Early Years Block	41,417	41,439	21
Schools Block	195,656	195,478	(178)
High Needs Block	78,331	80,189	1,858
Central Block	3,661	3,748	87

Recovery planned: 2020/21	1,833	1,200	(633)
Total (under)/overspend	320,898	322,054	1,156

- 3.2. The early years block funding is based on estimated pupil numbers and an adjustment is made to reflect any increases/decreases between January censuses (January 2020 and 2021). Although there is a projected overspend of £21k at period 5, it is difficult to predict before census data is collated each term. The schools block underspend of (£178k) is mainly due to the growth fund, which supports growth in pre-16 pupil numbers to meet basic need and support additional classes. More recent information regarding growth fund payments indicates that this underspend will reduce. The overspend forecast on central block is related to increase in premise cost for admissions service.
- 3.3. The in-year HNB projected overspend for 2020/21 of £1.86m, is due to on-going pressures of growth and complex cases. Pressures, which are being reviewed include Education Health and Care Plans (EHCPs), Post 16, out of area placements and alternative provision for excluded pupils.
- 3.4. At the point of budget setting, £1.83m of the 2020/21 HNB allocation of £80.16m was earmarked against the planned recovery against the 2019/20 DSG brought forward £4.28m deficit. At present, due to high needs pressures the LA is projecting a saving of £1.20m against the initially anticipated £1.83m recovery budget, a shortfall of £0.63m as illustrated in table three above.

4. CUMULATIVE DSG POSITION AT 31 MARCH 2021

- 4.1. The LA is projecting a cumulative DSG deficit of £4.24m at the end of this financial year, 31 March 2021, to be carried forward into 2021/22. This cumulative deficit is a result of:
- a) £1.2m recovery against the brought forward 2019/20 DSG deficit £4.28m, leaving an outstanding 2019/20 deficit of **£3.08m**;
 - b) In-year projected 2020/21 DSG deficit of **£1.16m**;
 - c) Cumulative deficit of **£4.24m**
- 4.2. Based on the current projected cumulative DSG position, to recovery by 2022/23 would mean a recovery on average of £2.12m in each of the following two years, 2021/22 and 2022/23, while remaining within the approved budgets set.

5. RECOVERY PLAN – HIGH NEEDS BLOCK (HNB)

- 5.1. Manchester's projected cumulative DSG deficit of £4.24m is expected to be recovered through the focus on HNB. Although there are expected overspends 2020/21 within other DSG blocks, as shown in table three above, the structural deficit is within the HNB. Manchester's HNB overspend 2019/20 was £7.18m (detailed in para 1.2

above), increase in pressures within this service area has been accepted as national issue, which has been reflected in the increase in funding by the government.

- 5.2. Although there has been significant increase in HNB budget allocation 2020/21 of £11.99m this has not fully met the growth and complexity of demand. A full review of the HNB has been undertaken, detailed in agenda item 8: HNB Recovery report. This report explains the demographic growth in the Special Education Needs and Disability (SEND) school population, along with complexity of cases to give an understanding on reasons for the overspend, and key budget pressures. The main key budget pressures within HNB are out of area placements, Education Health and Care plans (EHCP), post 16 and alternative provision.

6. CONCLUSION AND RECOMMENDATIONS

- 6.1. The projected DSG cumulative deficit, at this point is expected to be £4.24m by the end of financial year 2020/21. The LA plans to recover by the end of 2022/23, this will mean savings on average of £2.12m in each of the following two years: 2021/22 and 2022/23. This requires establishment of a HNB recovery plan over the next two years. Further details on the recovery are provided in agenda item 8 HNB Recovery Plan. This recovery will be challenging even with the additional government funding, due to significant projected growth and growing complexity within this service area.
- 6.2. All Schools Forum members are asked to note and comment on:
- DSG 2020/21 outturn forecast as at Period 5 (August 2020)
 - Cumulative DSG deficit forecast as at the end of 2020/21

Manchester City Council Report for Resolution

Report to: [Schools Forum](#)

Subject: **High Needs Block Recovery**

Report of: **Directorate Finance Lead – Children’s and Schools**

Summary

The DSG Position report outlined that DSG has four separate funding blocks, of which one is the high needs block (HNB). The HNB collectively funds specialist education provision for children and young people up to 25 years old with Special Education Needs and Disabilities (SEND). The main areas of funding within the HNB are for:

- special school and further education (FE) college places
- top-up funding for nurseries, mainstream schools, special schools, FE colleges and independent schools linked to Education, Health and Care Plans (EHCPs)
- support for the provision of special services provided by schools and the LA, which include but are not limited to, the Sensory Service and resource provision in mainstream schools

Due to the continual growth in the HNB, pressures have been identified and there is a need to develop a robust recovery plan to provide efficient and effective use of HNB resources, to achieve maximum value for money. Supporting the overall objective of continuing to improve outcomes for children and young people with SEND and ensure there are enough quality specialist places and provision in the City.

This report provides detail on the current position and sets out the plans to close the current gap.

Recommendations

All Schools Forum members are asked to note and comment on:

- High Needs Block outturn forecast as at Period 5 (August 2020) 2020/21
- Pressures on the High Needs Block over the next three financial years: 2020/21 to 2022/23.
- HNB Recovery plan and proposed savings put into place to mitigate the pressures.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Supporting Reports:

16 November 2020	DSG Position
18 September 2020	School Funding Settlement 2021/22
20 January 2020	Dedicated Schools Grant 2020/21
13 May 2019	Update on SEND and the High Needs Strategic Review

1. INTRODUCTION

- 1.1 The HNB funds children and young people with special educational needs and disabilities from early years to age 25, who require provision that would not normally be available within the delegated resources of a mainstream school. It is also for pupils who would require additional targeted resources in order to meet their needs in a mainstream setting or placement in a specialist setting, such as a SEN resource unit or a special school. It enables both LAs and providers to meet their statutory duties under the Children and Families Act 2014. High needs funding is also intended to support good quality alternative provision (AP) for pre-16 pupils who cannot receive education in schools.
- 1.2 In recognition of the national pressures within this area, the Department for Education (DfE) have increased the HNB funding, in 2021/22 by a further £0.73bn, bringing the national high needs budget to over £8bn. This is in addition to the £0.7bn provided in financial year 2020/21. As reported to Forum in September 2020, every local authority in 2021/22 will receive an increase of at least 8% per head of population, compared to this year. Above this minimum increase of 8%, the formula will allow local authorities to see increases of up to a cap of 12%.
- 1.3 This report presents a recovery plan of the HNB to try to ensure that the DSG deficit can be recovered by 2022/23.

2. HIGH NEEDS BLOCK (HNB) 2020/21 – GROWTH IN DEMAND

- 2.1 Manchester's HNB financial pressures are mostly as a result of growth in Manchester's school SEND population. Within the school population, the October 2019 census showed that 16.7% of Manchester's school population have SEND (14,833 pupils). This was made up of 13.0% (11,560 pupils) who have needs met through SEND support and 3.7% school EHCP (3,273 pupils), please see table one below.

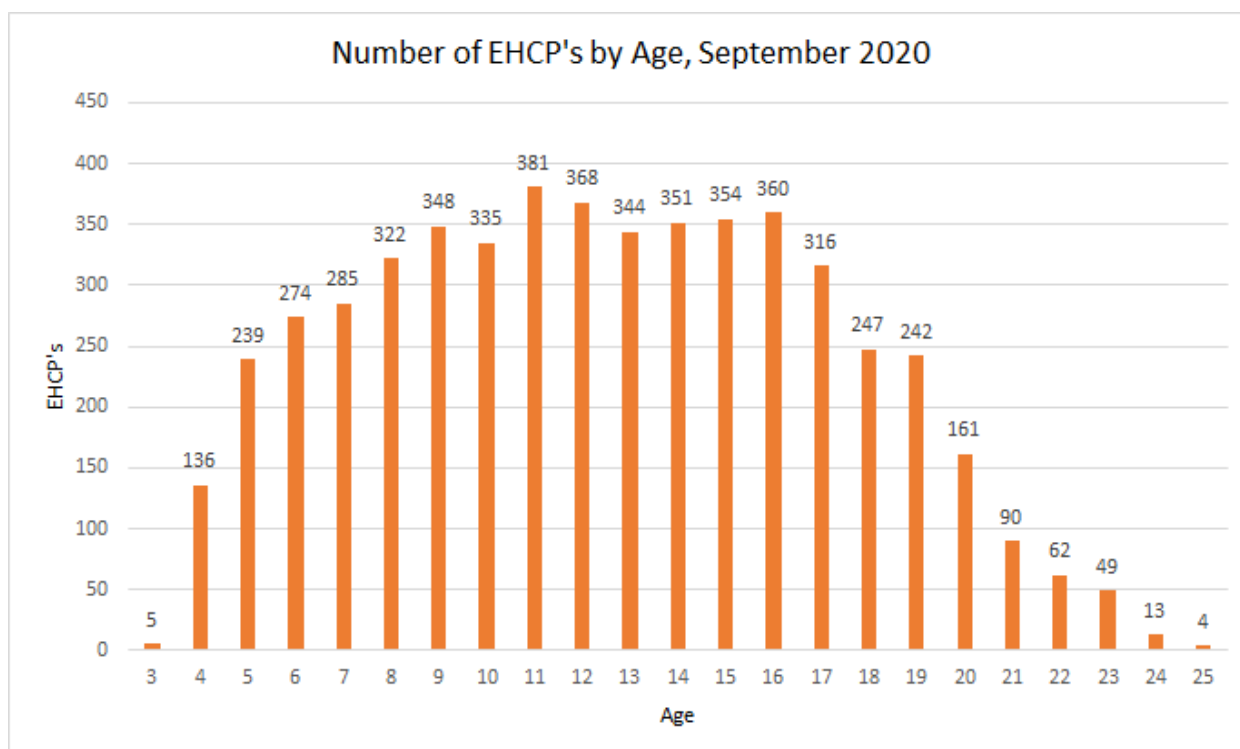
Table One: Number of pupils with SEND in Manchester schools excludes colleges (Oct 2019 census) - Statutory School Age

	2015	2016	2017	2018	2019	2020 As at January
EHCP/Statement	2,276	2,339	2,556	2,895	3,273	3,435
SEND Support	11,387	10,298	11,078	10,612	11,560	12,068
All SEND	13,663	12,637	13,634	13,507	14,833	15,503

- 2.2. **Meeting Need** - Growth in pupils with SEND is likely to continue year on year, which can be confirmed by the January 2020 census figures showing that 17.3% of Manchester's school population have SEND (15,503). This was made up of 13.5% (12,068 pupils) who have needs met through SEND support and 3.8% school EHCP (3,435 pupils). Within a four-month period from October 2019 census there were 162 new EHCPs finalised by January 2020, which is a 5% increase in the overall plans within Manchester schools.

2.3 The LA's financial responsibility is wider than EHCP pupils in Manchester settings as detailed above, the LA is responsible for all EHCP Manchester pupils regardless of setting, whether at school, other LA setting or independent provider, up to the age of 25. The LA is financially responsible for a total of 5,286 pupils as at September 2020. Graph one below illustrates the 5,286 pupils over their age group, giving an indication of future commitment, potentially until students reach 25 years of age. Appendix one: EHCP Age Analysis Comparison 2019 and 2020, illustrates how these figures have increased for every age group compared to September 2019.

Graph one: Number of pupils with EHCP maintained by Manchester City Council



2.4. The HNB outturn forecast for 2020/21 at Period 5 is an in-year overspend of £1.86m, as illustrated in table two below. The main areas of overspend are:

- Education Health and Care Plans (EHCPs) at mainstream settings
- Post 16/Further Education (FE) college settings.

2.5 Due to significant growth in these areas, it has exceeded the anticipated demand as shown in table two below.

Table two: High Need Block Period 5 2020/21 Budget Monitoring

HNB 2020/21 Period 5 Overspend	2020/21
	£000s
EHCP Plan in Primary and Secondary Schools	1,122
Post 16/FE Colleges	736
Total In-Year Overspend HNB	1,858

- 2.6 **Increased complexity** - Alongside the growth surpassing the anticipated demand, there has been an increase in the complexity of cases within both mainstream schools and FE college settings. The scale of the financial pressures and the speed of expansion in the SEND population is demonstrated in table one above and appendix one.
- 2.7 **Earlier Assessment** - The SEND inclusion fund, 2020/21 £202k, supports early intervention for independent and school nursery settings. This additional provision is provided by the Rodney House Early Years Outreach Service (RHOSY) which supports the early assessment of pupils and allows provision to be put in place at an earlier age. This has led to more pupils obtaining an EHCP before starting school, enabling intervention support to be provided sooner for better outcomes, but financially this has provided an additional burden in the mainstream sector. Appendix one, shows that there has been a 33% increase in EHCPs for three and four-year olds, when comparing September 2019 to September 2020.
- 2.8 **Post 16** - Graph one above has quantified the number of pupils above 16 years of age who the LA is financially responsible for. In September 2020, this is 1,184, which is 21.6% higher than in September 2019, which was 974. The 17 to 25 years phase of education is increasing exponentially and will continue to do so as there are large proportions of pupils aged between 12 and 16 with EHCPs. The LA is working closely with FE providers to ensure suitable courses are provided at this key stage before adulthood and that pupil costs do not significantly jump from when they were attending school.
- 2.9 At the point of budget setting, £1.83m of the 2020/21 HNB allocation was earmarked for planned recovery against the 2019/20 brought forward £4.28m deficit. At this stage due to additional demand for EHCPs and Post 16 support surpassing expectations, very little of last year's deficit has been recovered.
- 2.10 The significant increase in budget allocation 2020/21 of £11.99m has not fully met the demands from EHCPs at mainstream and FE college settings. The increase in funding on a per pupil basis will support more funding being available for EHCP growth but also covers increased complexity. The additional funding provided in financial year 2020/21 has partly closed the structural shortfall.

3. RECOVERY PLAN

- 3.1 Currently the LA is projecting for 2020/21 a cumulative DSG deficit of £4.24m and was expecting to recover this over three years (as noted in agenda item 7: DSG Position) by creating savings through developing efficiencies within the system and allocating future high need income towards the recovery. In order to recover by 2022/23, it would mean a recovery on average of £2.12m in each of the following two years, 2021/22 and 2022/23, while remaining within the approved budgets set.

- 3.2 Table three below sets out the additional high needs block grant expected next year and in 2022/23. It also forecasts the additional spend commitments and expected savings.

Additional Commitments

- 3.3 **Demographic Growth (£7.24m in 2021/22 and £5.66m in 2022/23)** The school population in Manchester has increased significantly since 2008, as evidenced in section 2 above and Appendix one. The growth in Manchester's school population is the most considerable financial pressure within the HNB. Whilst Manchester's school population grows by 2.3% per year, the proportion of the population with SEND is growing at a greater rate, currently at January 2020 census was 17.3%. Expected growth planned throughout both financial years is 190 special school places, 579 mainstream school EHCPs, 392 post 16 places, and 41 independent school places. The reduced demographic growth in financial year 2022/23 is expected due to special school expansions leading to a reduction in independent school places.
- 3.4 **Teachers' Pay and Pension Grants (£1.54m in 2021/22)** The DfE announced in July 2020 that the Teachers' Pay and Pension Grants were to be included in the national funding formula from financial year 2021/22. These grants are currently paid separately to LAs. In the July 2020 provisional allocations, £1.54m has been ringfenced for both grants to be passported to special schools and alternative provisions. The assumption currently is that the 2021/22 provisional grants allocation will not increase in 2022/23 shown by the zero within table three even though it will likely increase based on demographic growth.

Savings

- 3.5 The following savings and strategies have been identified to support recovery of the high needs block:
- **Buglawton Hall expected disposal** - providing a revenue saving of **£180k** in financial year 2021/22
 - **Increase in funding** – the block is expected to increase by £10.72m next financial year. It is expected that there would be budget capacity of £1.94m to support recovery.
- 3.6 It is also expected that the alternative provision place review will lead to savings in following financial years, this is yet to be worked through. The continued expansions of special school places, which should save funding per pupil from reduced growth in independent placements, is yet to be quantified.

Table three: Medium Term HNB Recovery Plan

	2021/22	2022/23
	£000	£000
Additional HNB: Provisional Allocations (a)	10,721	7,988
<u>Additional and New Commitments</u>		
Demographic Growth	7,243	5,663
Teachers' Pay and Pensions Allocations	1,538	0
Additional Net of Commitments (b)	8,781	5,663
Uncommitted Growth (a) – (b)	(1,940)	(2,325)
Efficiency Savings	(180)	0
Total to allocate to recovery	(2,120)	(2,325)
Deficit balance brought forward	4,240	2,120
Projected outturn minus recovery - deficit/(surplus)	2,120	(205)

Note: The table commitments show the increased expenditure in each financial year. The above Teachers' Pay and Pensions allocation is included in the provisional July 20 allocation for financial year 2021/22. Meaning it is an increased allocation in financial year 2021/22 but is already included in the budget for financial year 2022/23 explaining the zero value.

Recovery

- 3.7 Table three shows a minor surplus of £205k being carried forward at the end of March 2023, this is based on the projected £4.24m deficit at the end of 2020/21, increased HNB funding as per the provisional July 2020 allocations for 2021/22, and assumes a further increase of at least 8% per head of population in financial year 2022/23.

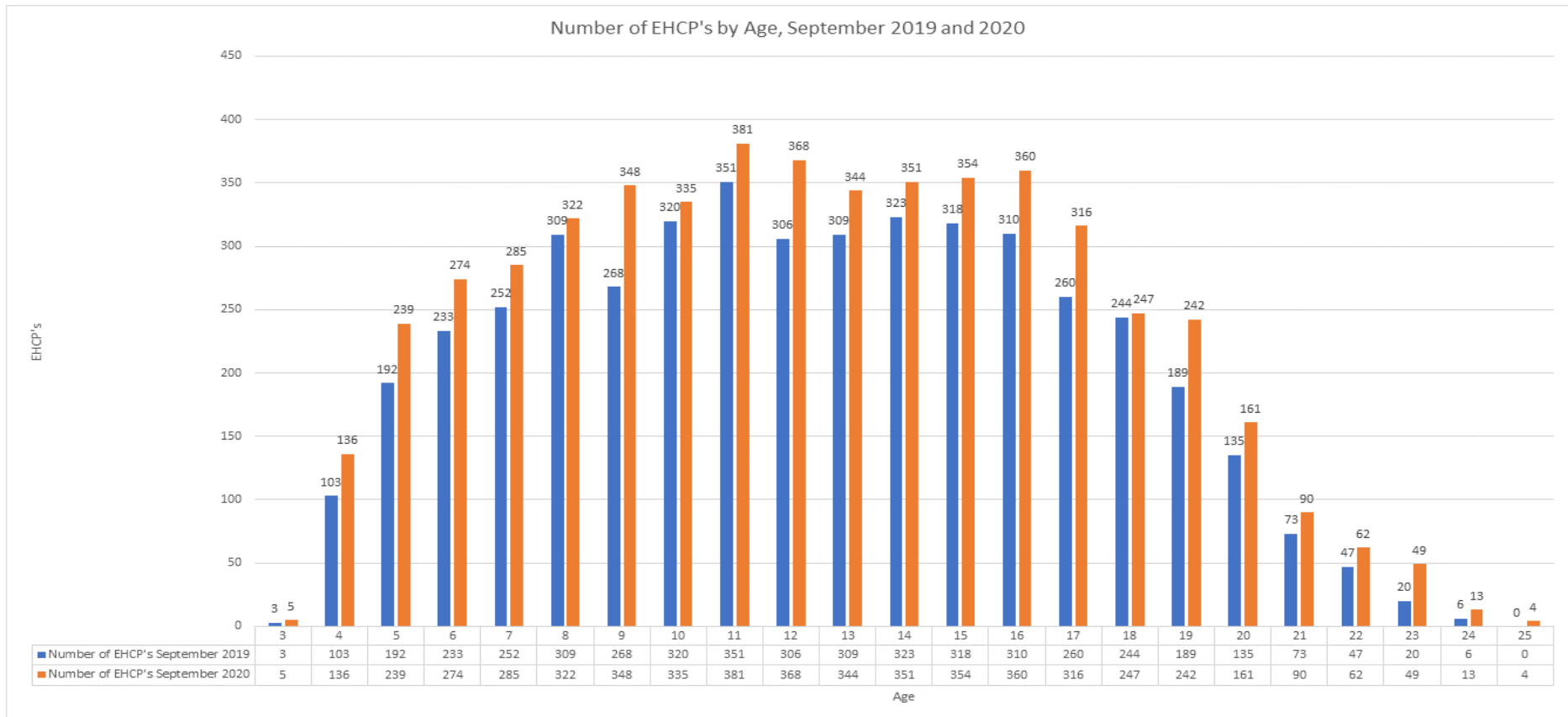
4. CONCLUSION AND RECOMMENDATIONS

- 4.1. HNB recovery plan has been updated for the financial years 2021/22 and 2022/23, given the expected DSG deficit position 2020/21, in-year HNB overspend and the provisional settlement for 2021/22. There are ongoing pressures still present in the HNB and need to be monitored carefully over the coming years whilst continuing to review the effectiveness and efficiency of service provision. The overall aim of the LA is to continue to improve outcomes for children and young people with SEND and ensure there are sufficient specialist places and provision in the City to meet need

whilst achieving maximum value for money from the high needs block.

- 4.2. For the LA to recover the projected DSG deficit by 2022/23, it would mean a recovery on average of £2.12m in each of the following two years, 2021/22 and 2022/23. Initial workings on period 5 monitoring indicate that the projected £4.24m deficit may rise. This recovery will be challenging even with the additional government funding, due to the growth and complexity within this service area.
- 4.3 All Schools Forum members are asked to note and comment on:
- High Needs Block outturn forecast as at Period 5 (August 2020) 2020/21
 - Pressures on the High Needs Block over 2020/21 to 2022/23.
 - HNB Recovery plan and proposed savings put into place to mitigate the pressures

Appendix One: EHCP Age Analysis Comparison of years 2019 and 2020



Phase of Education	Sept 2019 EHCP Numbers	Sept 20 EHCP Numbers	Percentage Change (%)
Early Years (Aged 3 to 4)	106	141	33.0%
Schools (Aged 5 to 16)	3,491	3,961	13.5%
Further Education (Aged 16 to 25)	974	1,184	21.6%
	4,571	5,286	15.6%

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