

Schools Management Forum

From: Head of Resources for Inclusion and Support Services

Date: 18th January 2023

Title: Item X High Needs Block Financial Year 2023/24

1.0 Purpose

- 1.1 This report will set out the Council's plan for spending the High Needs Block allocation for the next financial year, April 2023 to March 2024
- 1.2 Schools Management Forum does not vote to approve this budget, however, is asked to note the content of the report and welcome to offer feedback.

2.0 Background

- 2.1 High needs funding is provided to local authorities through the high needs block of the dedicated schools grant (DSG). Local authorities must spend that funding in line with the associated conditions of grant, and School and Early Years Finance Regulations. High needs funding is also provided directly to some institutions by the Education and Skills Funding Agency (ESFA).
- 2.2 The high needs funding system supports provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25, enabling both local authorities and institutions to meet their statutory duties under **the Children and Families Act 2014**. High needs funding is also intended to support good quality Alternative Provision for pre-16 pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream or special schools. The high needs funding block provides local authorities with resources for place funding and top-up funding for institutions, and funding for high needs services delivered directly by the authority or under a separate funding agreement with institutions (including funding devolved to institutions).
- 2.3 In recent years, the High Needs Block of the DSG has been under significant pressure and has carried deficits since financial years 17/18. Consequently, the Local Authority requested a 1% disapplication of the Dedicated Schools Grant to prevent further deficits in financial year 19/20. This was approved and has helped to manage a budget that is still under some significant pressure. A further 0.5% transfer was requested for financial year 2022/23 which was also approved against the background of increasing costs related to alternative provision.
- 2.4 The Local Authority is now managing a DSG Management Plan to ensure deficit recovery and prevent further disapplication of dedicated schools grant in the next or future financial years.

3.0 DSG Management Plan

3.1 A report was presented to SMF in October 2022 setting out the requirements under Delivering Better Value. It also set out the current strategies to manage sufficiency and manage the financial impact of pressures in the system.

3.2 The deficit forecast up to 2026/27 was presented in the report as below

	Total DSG Funding	After Recoupment	Deficit/Surplus	Cumulative deficit	Cost Avoidance Realised/Target	Cost Avoidance Measures
18-19			£1,883,180			
19-20	£23,268,079.00	£17,675,616.00	£1,191,860	£3,075,040		
20-21	£26,347,334.00	£20,659,166.00	£827,127	£3,902,167	£386,000	Specialist and satellite commissioning
21-22	£29,599,912.00	£23,091,717.00	£1,160,000	£5,062,167	£723,000	Specialist and Satellite commissioning
22-23	£32,683,665.00	£25,703,904.00	-£382,186	£4,679,981	£1,320,000	Specialist and satellite commissioning, resource base redesignation, EY intervention
23-24	£35,915,917.06	£28,766,157.06	-£1,143,851	£3,536,130	£2,807,317	
24-25	£36,993,394.57	£29,481,634.57	-£1,411,300	£2,124,830	£5,019,077	
25-26	£38,103,196.41	£29,525,436.41	-£339,668	£1,785,162	£8,800,000	
26-27	£39,246,292.30	£30,160,292.30	-£645,207	£1,139,955	£10,000,000	Free School Application, Maintain/reduce independent school places, EY Intervention, Mainstream Transformation
			£1,139,955		£29,055,394	

3.3 The outturn for 23-24 was previously estimated at -£1,143,851. This has been re-profiled due to increasing pressure on the budget and increased referrals.

4.0 Allocation

4.1 Provisional Budgets were published in July 22 and confirmed December 22.

4.2 The High Needs Block for Financial Year 23/24 is £37,365,607.00 before recoupment. This is broken down as follows

Total high needs elements in the funding floor and gains calculation (£s)	Basic entitlement factor (area cost adjusted) unit of funding (£s)	Number of pupils in special schools and academies	Import/export adjustment (based on January 2022 school census and February R06 2021 to 22 individualised learner record) (£s)	Additional Funding for Special Free Schools (£s)	Hospital education, alternative provision teachers pay/pension and supplementary funding factor (£s)	High needs national funding formula for historical spend, proxy factors, and funding floor allocation (£s)	Additional high needs allocation (£s)	Total high needs block before deductions (£s)
[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
30,184,124	4,660.00	695.00	624,000	513,833	1,689,092	30,184,124	1,385,858	= [A] + ([B] * [C]) + [D] + [E] + [F] + [H]
								= [G] * 4.59%
								37,635,607

4.3 Placement Costs

4.3.1 The DfE deducts place funding for Academies and Post 16 Institutions. Based on the Place Change Return this recoupment is £ 7,369,761

4.3.2 The Local Authority has commissioned the following places at maintained schools or directly with an academy or free school outside of the ESFA agreements

Institution type	Number of Places	Total Cost
Pre 16 Special Schools (maintained)	441	4410000
Pre 16 Resource Bases (maintained)	16	96000
AP Academy Places	0	0
Pre 16 Special Schools additional A/FS	32	320000
Pre 16 Resource Based additional A/FS	0	
Satellite Primary	36	360000
TOTAL		£4,898,000

The total placement costs for 23/24 in these categories is **£4,898,000**

4.3.3 The Local Authority expects to commission up to 65 places in independent schools for existing attendees at a cost of **£4,000,000**

5.0 Top Up Funding

5.1 Spending in this area covers children and young people aged 0-25 years. All spend in this area is to support settings to deliver education for children and young people with an Education Health and Care Plan (EHCP) or a SEN Support Plan.

5.2 For children in mainstream primary settings (from reception year), children and young people's needs are assessed via a matrix against a costed provision map. The matrix awards points that turn in to a financial value. Schools can claim via the matrix where they can evidence that they spend more than their SEN notional budget (i.e. £6,000) on a package of support for a learner. Each point claimed is worth £67.50.

5.3 Secondary Schools from September 2022 have been funded according to the percentage of secondary students in their school with an EHCP.

5.4 The budget for pre-16 mainstream settings in 22/23 was £1,800,000. For 23/24, this has been uplifted by 14.2% to £2,055,000 to reflect a projected increase in the number of children with SEND.

5.5 Top-up funding for children and young people attending resource provision is calculated using a weighted banding system according to primary need. The Kings Academy, Pennyman Academy, Beech Grove and Marton Manor bases are currently funded this way. However, the remaining schools with a resource base operate on a sustainable funding model to maximise resources and promote retention and quality of provision.

5.6 The budget for resource provision top-up funding has been set at £2,000,000.

5.7 Special School top ups have seen no inflationary increases since 2018. For the academic year 2023/24, it is proposed that a 3.4% inflationary increase is applied to top-up bandings. This would increase the budget for Special School top-ups from £8,500,000 to £8,755,000. However there is a significant change to the complexity of student needs in special school

provision as we prevent children attending out of are independent provision, so expect new banding claims to add for the new financial and academic year. These additional claims will cost an estimated £300,000, bringing the Special School top-up to £9,055,000.

5.8 The High Needs Operational Guidance states “The local authority, in deciding on top-up funding rates for the pupils to be placed in its maintained special schools, special academies it previously maintained and special free schools located in its area, must increase the budget of any special school such that it would be at least 3% higher in financial year 2023 to 2024 than in financial year 2021 to 2022, if all the pupils in the special school were placed by the local authority, and the number and type of places remained the same in the two financial years 2021 to 2022 and 2023 to 2024. The local authority can apply to the Secretary of State to set a lower percentage instead.”

5.9 Post 16 institutions

5.10 The number of students remaining in Post 16 education including Supported Internships, is reducing, and to reflect this there has been a reduction in places commissioned. The budget will remain at £700,000 for top up claims. Top-ups and internship costs will be claimed via Annex 1 documents as in previous years and will reflect actual costs minus £6,000 place funding.

6.0 Alternative Provision

6.1 The High Needs Block part funds alternative education for children and young people who are permanently excluded or at risk of exclusion. This is delivered via several arrangements.

6.2 The AP Academy placements are included in the place funding figures,

Provision	Description	Cost
AP Academy Top Up	£8k per place additional top up funding	£896,000
External Provision	Additional AP (inc learning centre)	£1,500,000
Holmwood assessment	Assessment places for primary children	£180,000
Total		£2,576,000

7.0 Specialist Support Services

7.1 The High Needs Block also funds Specialist Support Services delivered by the Local Authority. These are:

7.1.1 The Specialist Teaching and Resource Service (STARS), which provides equipment and teaching for children and young people aged 0-25 with a hearing or visual impairment.

7.1.2 The Early Years Specialist Support Service (EYSS) which provides nursery places, portage and inclusion services for children with Special Needs aged 0-4 years. This is part funded with £314,000

from the Early Years Block with additional funding from High Needs Block at £ 360,000

7.1.3 There is also an Early Years Inclusion and Development Fund of £150,000 to support SEN children in nursery provision which is allocated by EYSS Service. An additional £150,000 will come from the EY Block bringing this fund to £300,000 for this financial year.

7.1.4 The Psychology Service is part-funded by the High Needs Block to deliver non-statutory assessment and advice.

7.1.6 Virtual Schools are funded to support Looked After Children (LAC) in their Education.

7.1.7 Some Advisor time is funded from the Achievement Team.

7.1.8 A small contribution is made to the Speech and Language Service.

7.1.9 See the table below for 23/24 costs for Specialist Services

Service	Funding
SEN Assessment	£ 350,000
STARS	£ 200,515
Secondary and Post 16 Inclusion and Outreach	£ 350,000
EY and Primary Inclusion and Outreach	£ 360,000
Early Years Inclusion and Support Fund	£ 150,000
Psychology	£ TBC
Virtual Schools	£ 308,000
Speech and Language	£ 161,000
Total	£ 1,879,515

8.0 Other costs from High Needs Block

8.1

Description	Cost
Out of Area placements	£800,000
Bespoke provision	£450,000
DSG Overheads	£700,000
TPP	£412,000
Total	£2,362,000

9.0 Summary

9.2 Total Spend against this budget with the recommended allocations in this report is projected to be £29,346,957. This will create an expected underspend of £ 918,889

HNB ALLOCATION FROM DfE 22/23 AFTER REC	-£30,265,846
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INCOME	-£450,000
TOTAL	-£30,675,847
ALLOCATED BUDGET	£29,346,957
VARIANCE deficit/surplus	-£918,889

10.0 Recommendations

10.1 School Management Forum to note the content of this report