

Schools Forum – 24th March 2022

High Needs Block update

Executive Summary:

- The forecast outturn for the 2021/22 High Needs Block is £8.2m overspend (no change from the position last reported)
- At the end of the last financial year the DSG reserve went into deficit by c £2m and will deepen given the expected overspend in 2021/22. A 'deficit management plan' must now be brought forward.
- Significant additional Government funding next year will see Staffordshire's High Needs Budget increase to £114.8m; an increase of £13.7m compared with 2021/22 (c 13.6%). However this is insufficient to close the gap and it is likely that a further overspend will arise in 2022/23. None of this funding increase will be used to repay historical deficits.
- The Council recognises the financial pressures schools across Staffordshire are facing and will increase funding next year for all state funded special schools, on a like for like basis, by a minimum of 2.5%.
- Work to implement of the new Education Banding Tool continues in line with the original implementation plan and went live on 14 March 2022.

Recommendations:

That Schools Forum:

1. Notes the updates to the High Needs Block following the report previously presented in January 2022.
2. Notes the proposed High Needs Block budget 2022/23
3. Notes the latest update on the development and roll out of a new Education Banding Tool

Report of Deputy Chief Executive and Director for Families and Communities

Background

4. The financial risk of the High Needs Block has been a standing agenda at Schools Forum. The increase in demand on the High Needs Block has been reported regularly. Pressures on the High Needs block are on going due to the continued increase in a range of areas. These include:
 - Additional needs requests
 - Increase in pupil numbers requiring EHCPs,
 - Extension of age group to 25 for those with EHCPs,
 - Increase in independent placements and costs,
 - Increase in Matrix funding for special schools,
 - The funding of increased numbers of pupils educated 'other than at school'.

- Budget 2021/22 and Forecast

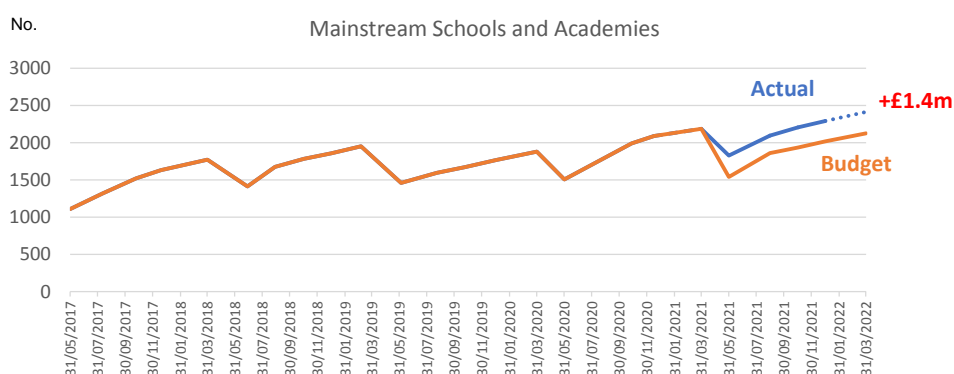
5. Despite additional Government funding this year, as previously stated this is insufficient to close the funding gap and there remains a forecast overspend of c £8.2m in 2021/22 (no change from previous forecasts). The main areas of forecast overspend within the High Needs Block are outlined below and summarised in the following table. A more detailed overview of the High Needs Block budget is provided within Appendix A:

High Needs Budget	Budget 21/22 £m	Outturn £m	Over / (Under) spend £m
Planned Places	32.0	32.0	0.0
Top Up Budgets	35.9	39.0	3.1
<u>Non Top Up Budgets</u>			
Independent Schools (Mainstream & Special)	18.2	24.2	6.0
Alternative provision (inc Hubs)	3.4	2.3	(1.1)
Post 16	4.4	5.0	0.6
Other	7.1	6.8	(0.3)
Total Net Spend	101.0	109.3	8.3
Total Funding	(101.0)	(101.1)	(0.1)
Net Outturn	0.0	8.2	8.2

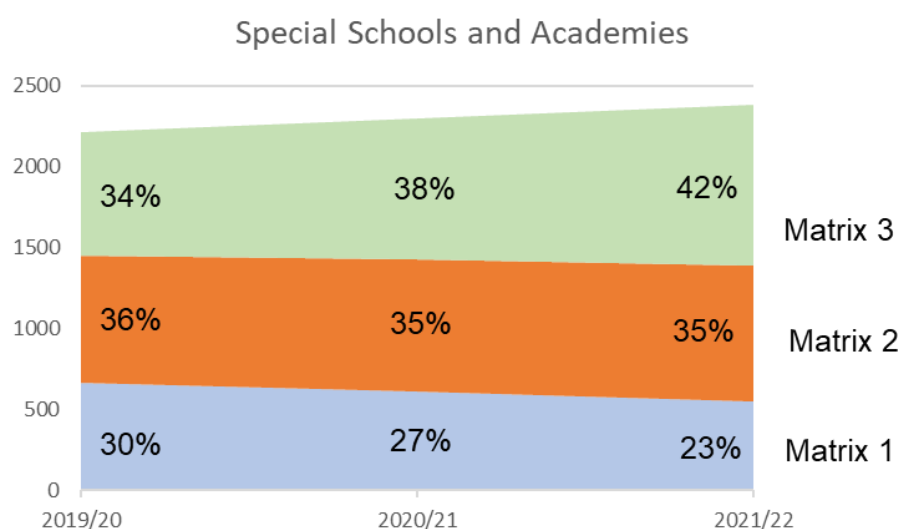
6. Key variances arising

i) An overspend of c £3.1m against the school 'top up' budgets including:

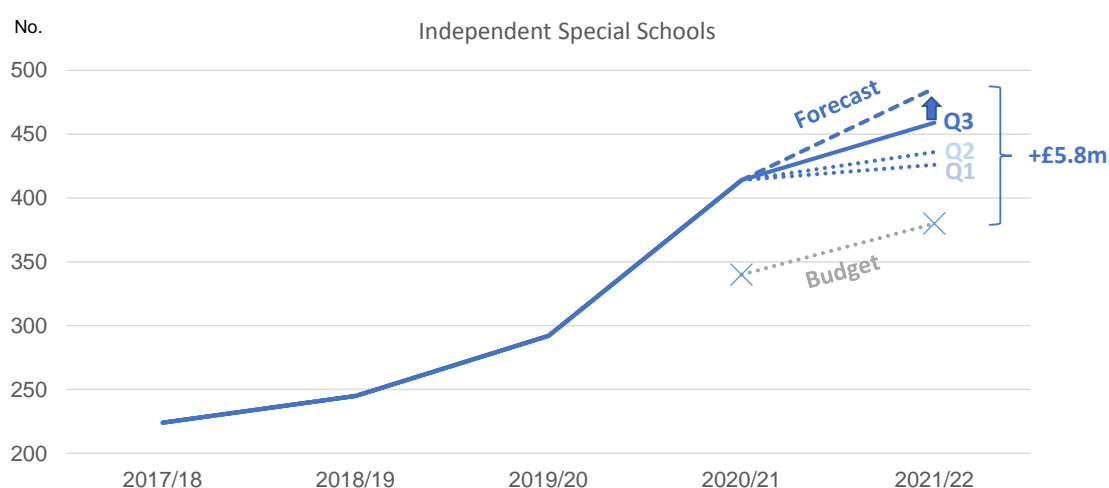
- a rise in the number of children with EHCP/AEN support in Mainstream Schools and Academies leading to a £1.4m overspend:



- An overspend of £2.4m in special schools and academies, arising as a result of both an increase in demand and a rise in the proportion of children with higher needs.



ii) An overspend of c £5.8m in Independent Special Schools



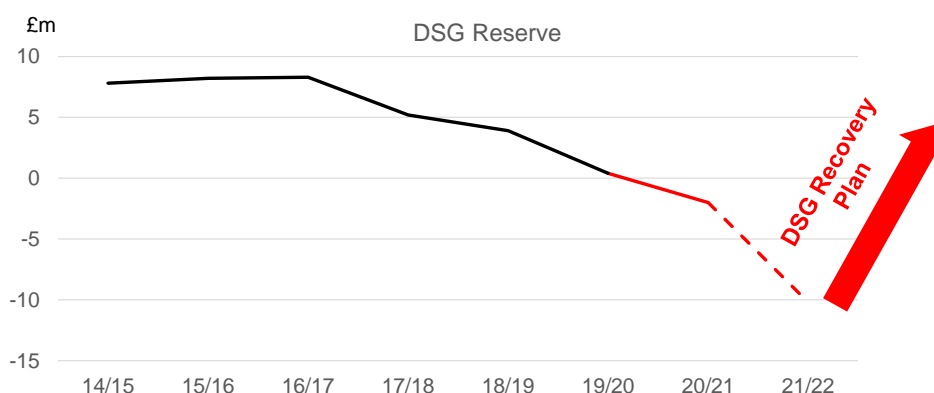
Note: the High Needs Block does not include the following costs:

- SEND home to school/college transport; this is funded from the Council's general fund resources. The budget in 2021/22 is £15.6m and the latest forecast is that this budget will overspend by £1.3m this year.

The main issues driving up the cost of this budget are the increase in demand, the placement of children and young people in independent out of county special schools, an increase in the average cost per pupil which includes both transport and escort costs (inc fuel price inflation) and an increase in single occupancy journeys.

- prudential borrowing; a further amount of £0.924m is funded from the Central Block for historical but on going debt charges as a result of borrowing previously taken out to finance historical capital investment in our Special Schools.

7. As a result of the on-going overspend in the HNB, over the last few years the DSG reserve has been fully depleted and at the end of last year went into deficit by c £2m. Given the latest forecast overspend 2021/22 that deficit is likely to increase this year to c £10m (before other transfers).



- High Needs Block Budget 2022/23

8. For 2022/23 the Government initially confirmed an increase in the overall High Needs Block of £780m; however, as part of the 2021 Autumn Spending Review further funding of £325m has been confirmed in recognition of the very significant service and cost pressures impacting in this area. This, following many years of government underfunding that has led to a severe crisis in this area nationally where funding levels have failed to keep pace with costs and demand.
9. For Staffordshire the HNB 2022/23 is c £114.8m, a net increase of £13.7m compared with 2021/22 (13.6%). Whilst this increase is warmly welcomed, it is insufficient to close the existing funding gap and Staffordshire will continue to lobby for both additional funding and a fair and equitable mechanism for addressing cumulative deficits that should not impact on the Council's already stretched general resources.
10. As in previous years, the schools block will be ring-fenced in 2022-23, with the option to transfer 0.5% of the Schools Block funding into the central school services, high needs or early years budgets, subject to the approval of Schools Forum. Given the pressures within the High Needs Block a request was made for a transfer of 0.5% in 2022-23 though this was rejected by Schools Forum at its meeting in November 2021.
11. It is Staffordshire's intention to pass on the full budget increase next year for the provision of SEND support; none of this funding rise will be used to repay historical deficits.
12. The Council recognises the financial pressures schools across Staffordshire are facing and, given the increase in Government funding, will increase funding to providers by as much as is affordable and fair, acknowledging the current pressures on the HNB and the depleted DSG balances which – at the end of the current financial year – will likely be in deficit by circa £8-10m.

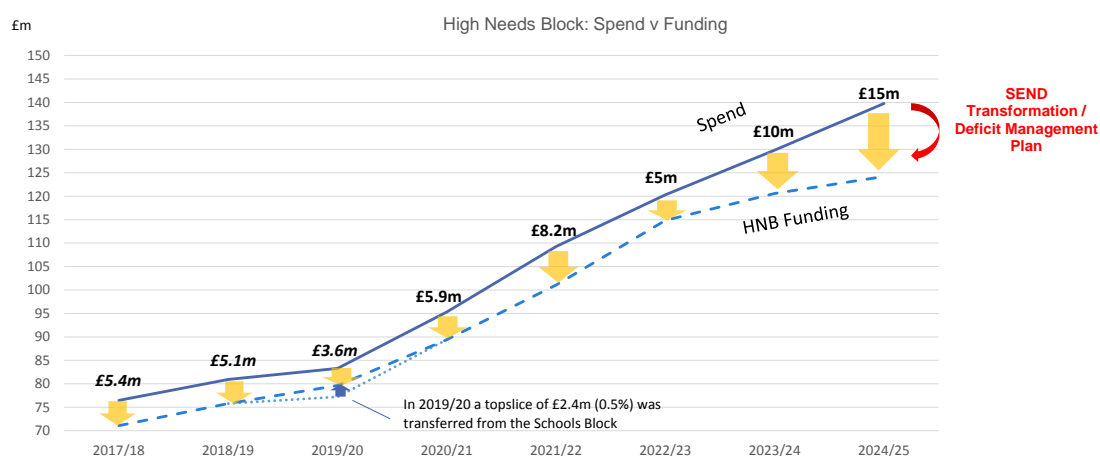
13. For 2022-23 Special School budgets will be set based on:
- a Minimum Funding Guarantee of 2.5% (higher than the MFG set by Government of 0%); ensuring that funding for all Special Schools, on a like for like basis, will increase next year by a minimum of 2.5%.
 - there will be no capping of school gains

A schedules of rates applicable for mainstream, special schools and PRUs in 2022/23 is available at Appendices B and C.

14. In 2022/23 the HNB budget is £114.8m; a net increase of c £13.7m compared to current funding levels. The following summarises the proposed budget allocations for 2022/23:

High Needs Budget 2022/23	Budget 21/22 £m	Proposed Budget 22/23 £m	Initial Forecast 22/23 £m
Planned Places	32.0	33.1	33.1
Top Up Budgets	35.9	40.6	43.2
<u>Non Top Up Budgets</u>			
Independent Schools (Mainstream & Special)	18.2	25.7	28.6
Alternative provision (inc Hubs)	3.4	3.8	3.5
Post 16	4.4	4.7	4.7
Other	7.1	6.9	7.2
Total Net Spend	101.0	114.8	120.3
Total Funding	(101.0)	(114.8)	(114.8)
Net Outturn	0.0	0.0	5.5

15. Even with the additional Government funding a further significant overspend is anticipated in 2022/23. Accordingly, and working in partnership with Schools Forum, the Council must now bring forward a 'DSG deficit management plan' outlining the actions that can be taken to address and mitigate the existing shortfall as far as possible. This will sit alongside the wider service transformation plan.



Other Updates

- High Needs Block Workshop

16. On 2 March the High Needs Block Workshop, involving members of the schools forum, convened to consider the current pressures in High Needs Block and the accumulated deficit / 'deficit management plan'. The focus of the session was on:

- i. Staffordshire benchmarking
- ii. Current breakdown of HNB and future forecast
- iii. Transformation
- iv. Deficit management plan

17. It was agreed that managing the HNB deficit is challenging and the DfE SEND review is required to support the challenges faced nationally. Locally the developments in SEND and Inclusion hubs is a medium to long term strategy. Further work is required to understand the impact of tribunal rulings, the designation of generic special schools, timeliness of transitions and phase transfers.

18. In order to manage the deficit we will continue to utilise surplus growth funding, continue to work with Schools forum to seek approval for the 0.5% transfer from the schools block to the high needs block, consider non statutory activity funded through the HNB, review the MFG policy for specialist and alternative provision as well as reviewing the funding allocated through the EBT.

- Education Banding Toolkit

19. Progress on the implementation of the Imosphere's Education Banding Tool (EBT) has continued as planned. From 14th March 2022, the Local Authority went live with the tool across maintained, academy and independent mainstream providers and maintained and academy specialist providers to calculate the education element of the high needs top-up funding for Staffordshire children and young people with an Education, Health and Care Plan (EHCP).

20. From this date the EBT was applied to:

- ALL draft EHCPs following an EHC needs assessment
- ALL amended EHCPs where there was a significant change in need as identified through the annual review process.

21. The EBT supports fair, equitable and consistent funding mechanisms across education providers and localities. It is a needs led tool rather than a provision based one and it is not about reducing funding but about making it fair across the system.

22. The implementation for FE colleges and Post 16 Training Providers has been postponed due to the complexities of funding in this sector. We will not therefore implement until further investigation and funding models can be considered and a second consultation with Education Providers is undertaken.

23. The EBT consists of a series of questions, known as the Pupil Needs Profile (PNP), in relation to the needs of the child and young person and is completed by the SEND Keyworker. The PNP is shared with the Education Provider and the parent/carer through the EHC Hub portal.
24. The PNP covers 12 areas of need:
- i. Communicating Well
 - ii. Achieving potential for learning
 - iii. Developing and enjoying recreation activities and community inclusion
 - iv. Forming positive relationships
 - v. Maintained emotional well-being
 - vi. Dealing successfully with change within an education setting
 - vii. Being independent with self-care
 - viii. Being independent with mobility and motor skills
 - ix. Managing behaviour
 - x. Risk of accidental or intentional harm when in an education setting
 - xi. Impact of sensory impairment and/or processing difficulty
 - xii. Preparing for Post-16 education and adulthood
25. Key staff within the local authority have completed mandatory training prior to implementation of the EBT. This consisted of eleven training videos, reading and understanding of the Assessor Guide and attending a workshop to ensure consistency of practice across the county. During the initial Go Live period drop-in sessions have been provided to support staff undertaking this new role.
26. A monthly audit will be undertaken on a sample of completed PNPs by the district Family Practitioner Leads – SEND/Education jointly with SEND Keyworkers. In addition, termly moderation will be in place as peer-to-peer support for the SEND Keyworkers and an annual standardisation, which will consist of a practical group exercise. The output of the audits, moderations and standardisation will be regularly collated and analysed to identify discrepancies and/or patterns to support the consistency of practice.
27. Finally, a review of the EBT, linked to the identified benefits at the start of the project implementation, is planned at the end of each term and then an annual review will be undertaken in partnership with Imosphere.
28. Further information, including the EBT Guidance document, can be found at: [Education Banding Tool Launch & Updates | Staffordshire Connects](#)

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2021-2022 HIGH NEEDS BUDGET (as at Quarter 4)		Latest Budget	Forecast Outturn	Over/(Under) spend
		£m	£m	£m
Planned Places		32.0	32.0	0.0
Top Up Budgets		35.9	39.0	3.1
Staffordshire Special Schools and Academies		17.7	20.1	2.4
Staffordshire Mainstream Schools		13.1	14.5	1.4
Pupils in other LA Special & Mainstream Schools & Academies		2.1	2.1	(0.0)
Pupil Referral Units		3.0	2.3	(0.7)
Non Top Up Budgets		33.1	38.3	5.2
Independent Schools Mainstream		1.5	1.7	0.2
Independent Schools Special		16.7	22.5	5.8
Independent Hospital Fees		0.2	0.2	0.0
Early Years PVIs		0.1	0.2	0.1
Alternative provision (inc Hubs)		3.0	1.8	(1.2)
Education Other Than At School (EOTAS)		0.4	0.5	0.1
SEN Support Services		6.8	6.4	(0.4)
Post-16 FE Placements & Top-ups for ISPs		4.4	5.0	0.6
GRAND TOTAL		101.0	109.3	8.3
Funding		(101.0)	(101.1)	(0.1)
High Needs Allocation from Government		(101.0)	(101.1)	(0.1)
Transfers from other Blocks		0.0	0.0	0.0
NET FORECAST OUTTURN		0.0	8.2	8.2

Appendix B

a) Education Banding Tool Rates 2022/23

BAND LEVEL		April 2022	
		Mainstream £	Specialist £
0		0.00	0.00
1		811.00	0.00
2		2,514.00	200.00
3		4,217.00	500.00
4		5,920.00	1,000.00
5	a	7,055.00	1,500.00
	b	7,623.00	2,000.00
	c	8,190.00	2,500.00
6	a	8,758.00	3,000.00
	b	9,326.00	3,500.00
	c	9,893.00	4,000.00
7	a	10,461.00	4,750.00
	b	11,028.00	5,500.00
	c	11,596.00	6,250.00
8	a	12,732.00	7,500.00
	b	13,868.00	8,750.00
	c	15,004.00	10,000.00
9	a	16,140.00	12,000.00
	b	17,276.00	14,500.00
	c	18,412.00	18,000.00
10	a	21,500.00	21,500.00
	b	25,000.00	25,000.00
	c	28,500.00	28,500.00
	d	32,000.00	32,000.00
	e	35,500.00	35,500.00
Early Years Enhancement (2-3 years)		0.00	2,442.47
EBT Override		Individually calculated	

b) Staffordshire PRU – Trig 8 rates

		Element 3 Top-Up Rates April 2021	Element 3 Top-Up Rates April 2022
Dual/Main Rolled Pupil	Primary	£50 per day	£50 per day
	Key Stage 3	£40 per day	£40 per day
	Key Stage 4	£40 per day	£40 per day
	Package	Individually calculated	Individually calculated
Single/Subsidiary Rolled Pupil	Primary	£7,450 pa	£7,635 pa
	Key Stage 3	£7,450 pa	£7,635 pa
	Key Stage 4	£7,450 pa	£7,635 pa
	Package	Individually calculated	Individually calculated
Lump Sum		£117,800 pa	£121,300 pa
Split Site Allowance		£20,000 pa	£20,000 pa
Environmental Capacity Protection		Individually calculated	Individually calculated

Special School Rates 2022/23

<u>Matrix Model</u>			
School Specific*	£	Plus:	£
Chasetown Community School	1,512.71	Matrix 1	168.20
Horton Lodge Special School	2,427.60	Matrix 2	1,633.48
Cicely Haughton School	2,465.58	Matrix 3	8,520.50
The Fountains High	708.53		
The Fountains Primary	989.04	<u>Other enhancements:</u>	
Hednesford Valley High	550.73	Early Years (inc NCY 1)	2,442.47
Loxley Hall School	1,569.82	Key Stage 4+ (NCY10 -14)	1,102.00
Blackfriars Special School	1,241.26		
The Coppice School	1,263.95		
The Meadows School	985.02		
Two Rivers High	720.04		
Sherbrook Primary	1,076.46		
Springfield Community Special School	2,233.72		
Cherry Trees School	6,070.77		
Rocklands School	925.47		
Marshlands Primary	1,440.98		
Merryfields School	1,319.48		
Saxon Hill School	1,448.34		
Queen's Croft Community School	589.97		
Two Rivers Primary	965.54		
Wightwick Hall School	1,618.96		
Greenhall Community Special School	8,008.98		
Walton Hall Academy	959.31		
* the school specific rate is different for each school as it has been set annually and accumulated over time to accommodate i) annual MFG protections and ii) proportionate share of the fixed 'infrastructure' lump sum			

<u>Education Banding Tool Model</u>			
School Specific**	£	Plus:	£
Chasetown Community School	877.67	EBT 1	-
Horton Lodge Special School	1,679.91	EBT 2	200.00
Cicely Haughton School	1,599.69	EBT 3	500.00
The Fountains High	155.15	EBT 4	1,000.00
The Fountains Primary	104.40	a	1,500.00
Hednesford Valley High	156.00	b	2,000.00
Loxley Hall School	905.49	c	2,500.00
Blackfriars Special School	556.77	a	3,000.00
The Coppice School	781.40	b	3,500.00
The Meadows School	444.45	c	4,000.00
Two Rivers High	35.11	a	4,750.00
Sherbrook Primary	381.27	b	5,500.00
Springfield Community Special School	1,455.29	c	6,250.00
Cherry Trees School	1,766.31	a	7,500.00
Rocklands School	404.02	b	8,750.00
Marshlands Primary	612.24	c	10,000.00
Merryfields School	588.86	a	12,000.00
Saxon Hill School	496.88	b	14,500.00
Queen's Croft Community School	-	c	18,000.00
Two Rivers Primary	381.27	a	21,500.00
Wightwick Hall School	965.83	b	25,000.00
Greenhall Community Special School	6,499.64	c	28,500.00
Walton Hall Academy	143.67	d	32,000.00
		e	35,500.00
<u>Other enhancements:</u>			
Early Years (up to 3rd birthday)			2,442.47
* the school specific rate reflects proportionate share of the fixed 'infrastructure' lump sum (there is no 'top up' element included at this time as it is a new system and funding has been 'rolled in' to the base EBT rates above).			