

## Schools Forum – 14<sup>th</sup> July 2022

### High Needs Block update

#### **Executive Summary:**

- For Staffordshire the High Needs Block budget for 2022/23 is £114.8m; an increase of £13.7m compared with 2021/22 (13.6%). None of this funding increase will be used to repay historical deficits.
- The Council recognises the financial pressures schools across Staffordshire are facing and has increased funding this year for all state funded special schools, on a like for like basis, by a minimum of 2.5%.
- The forecast outturn for the 2022/23 High Needs Block is £6.0m overspend.
- At the end of the last financial year the DSG reserve 'deficit' increased from £2m to £8.6m and will deepen further given the expected overspend in 2022/23. A 'deficit management plan' must now be brought forward.

#### **Recommendations:**

That Schools Forum notes:

1. the High Needs Block budget 2022/23 and latest forecast outturn
2. the latest update on the roll out of a new Education Banding Tool
3. the latest update on the SEND Contract Management programme

#### **Report of Director for Children & Families**

#### **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'.

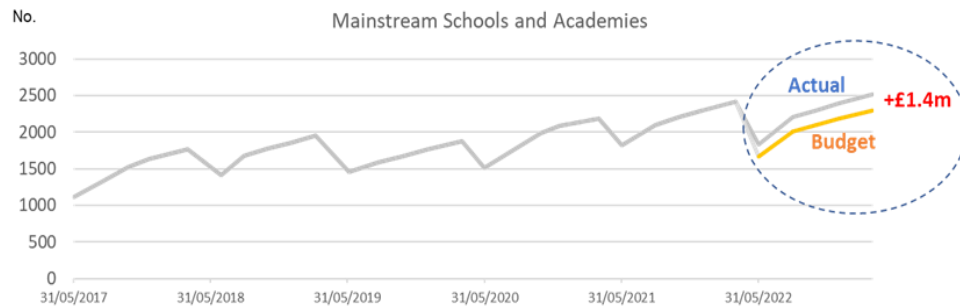
## Budget 2022/23 and Forecast

5. 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.
6. For Staffordshire the High Needs budget 2022/23 is £114.8m; an increase of £13.7m compared with 2021/22 (13.6%). This increase has been passed on in full for the provision of SEND support; none of this funding increase will be used to repay historical deficits. Most significantly this has ensured for 2022-23 Special School budgets have been set to include:
  - 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, increased by a minimum of 2.5%.
  - no capping of school gains
7. 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 blocks, subject to the approval of Schools Forum. Staffordshire's request this year for a transfer of 0.5% (equivalent to c £3m) from Schools Block to High Needs Block was refused by Schools Forum at its meeting November 2021.
8. Whilst the additional Government funding is recognised, rises will only keep pace with rises in cost and demand and are insufficient to close the gap. The forecast overspend this year is circa £6.0m (a more detailed overview of the High Needs Block budget is provided within Appendix 1):

<b><u>High Needs Budget 2022/23</u></b>	Budget 22/23 £m	Outturn £m	Over / (Under) spend £m
Planned Places	33.1	33.1	0.0
Top Up Budgets	40.6	42.3	1.7
<u>Non Top Up Budgets</u>			
Independent Schools (Mainstream & Special)	25.7	28.9	3.2
Alternative provision (inc Hubs)	3.7	3.6	(0.1)
Post 16	4.7	5.5	0.8
Other	7.0	7.4	0.4
<b>Total Net Spend</b>	<b>114.8</b>	<b>120.8</b>	<b>6.0</b>
<b>Total Funding</b>	<b>(114.8)</b>	<b>(114.8)</b>	<b>(0.0)</b>
<b>Net Outturn</b>	<b>0.0</b>	<b>6.0</b>	<b>6.0</b>

## 9. Key variances arising

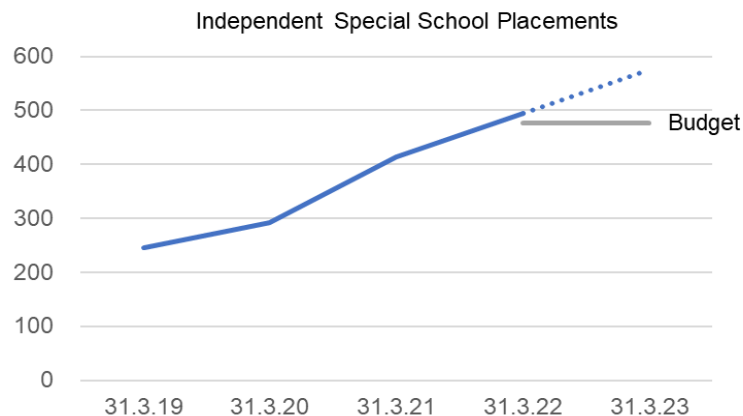
- i. An overspend of c £1.7m against the school 'top up' budgets including:
- a rise in the number of children with EHCP/AEN support in Mainstream Schools and Academies leading to a £1.4m overspend:



- An overspend of £0.5m 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.

Top Ups	2022/23		£m
	# fte	%	
Matrix 1	564	24%	0.1
Matrix 2	805	34%	1.3
Matrix 3	999	42%	8.5
Matrix tbc	2		0.0
School Specific	2370		9.9
Additional Places			0.7
Enhancements			2.4
Exceptional Need			0.5
Residential			1.8
Adjustments (part time / backdated)			0.0
EBT (1-10)	3		0.0
EBT (school specific)			0.0
Allowance for more growth			3.5
<b>Total Spend</b>			<b>21.9</b>
Budget			21.4
Variance			0.5

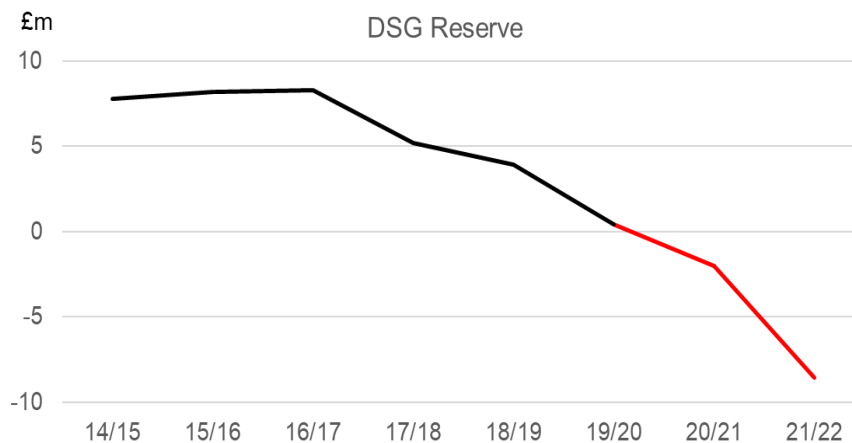
- ii. An overspend of c £2.9m in Independent Special Schools



- iii. Other net overspends of c £1.4m due to increasing demand, most significantly for Post 16 provision (£0.8m) and Early Years (SEN Inclusion fund) (£0.4m).

### DSG Reserve and Management Plan

- 10. There has been a history of underfunding nationally of the Higher Needs Block which has led to significant year on year overspends in HNB, most recently for 2021/22 an overspend of £8.2m. Staffordshire County Council is not alone in this difficult financial predicament – this is a position shared by the majority of Councils across the sector.
- 11. 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 the deficit increased from £2m to £8.6m. Given the latest forecast overspend 2022/23 that deficit is likely to increase this year and going forward until such time that the SEND transformation plan can impact:



- 12. Schools Forum has previously agreed<sup>1</sup> surplus Growth Fund money (after amounts have been used to fund NFF shortfalls and contributions to schools for in year growth<sup>2</sup>) transfer to the Council's DSG reserve. However, it is clear that additional action must be taken and, the Council must now bring forward a 'DSG deficit management plan' outlining the mitigations it will put in place to address the existing shortfall. This will be brought to Schools Forum at the meeting in the Autumn term 2022. This will sit alongside the wider service transformation plan.

### Other Updates

#### Meeting with the ESFA

- 13. An informal meeting between the Council and the Education and Skills Funding Agency (ESFA) took place on 14 June 2022. At this meeting the ESFA confirmed that Staffordshire would not be invited to join either the [Safety Valve Programme](#)

<sup>1</sup> Schools Forum 15<sup>th</sup> October 2020

<sup>2</sup> In accordance with the Councils' Growth Fund Policy

or the Delivering Better Value for SEND programme. These programmes are available for those local authorities with the largest DSG deficits.

14. It was agreed that the Council will complete the DSG deficit management plan using the ESFA template. This will be shared with Schools Forum at the meeting in Autumn 2022.

#### Education Banding Tool

15. 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).
16. 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.
17. Our work with Imosphere, the provider of the EBT, is continuing to prove productive and they are supporting us to understand the impact of the implementation of the model. Since launch, there have been 232 cases (with individual Capita IDs) of children between Key Stage 1 and post 16 (2 children post 16 – one aged 16 the other 17) as current key stage. From this we note the following:
  - 85% of Key Stage 1 to post 16 children submitted through EBT with communication and interaction recorded as SEN area (197/232)
  - 77% of Key Stage 1 to post 16 children with cognition and learning recorded as SEN area (180/232)
  - 78% of Key Stage 1 to post 16 children recorded SEMH as SEN area (181/232)
  - 55% of Key Stage 1 to post 16 children with Sensory or physical difficulties recorded as SEN area – (127/232)
18. EBT cases for Early Years children are recorded as 77 submissions. Of these:
  - 94% of Early Years children for which Needs Profile submitted (72/77 children) estimated Education Band of 5 or higher
  - 97% of Early Years children with communication and interaction recorded as SEN area
  - 95% of Early Years children with cognition and learning recorded as SEN area
  - 66% of Early Years children with SEMH recorded as SEN area in 51/77 children
  - 79% of Early Years children with Sensory or physical difficulties recorded as SEN area - 61/77 children
19. We are continuing to monitor and develop the EBT in light of the live data. We are pleased to note that the EBT approach adopted in Staffordshire is consistent

with the direction of travel set out in the Green Paper; SEND review: right support, right place, right time (March 2022).

### SEND Contract Management

20. At the meeting of Schools Forum in March 2022 it was requested for an update on the contract management of independent and non-maintained placements. The report set out in appendix 2 indicated the full contractual agreements undertaken during the academic year 2020/ 2021 and the costs agreed for the agreement within the individual pupil/ placement agreements (IPA).
21. During the academic year:
  - 383 school placements agreed within the Independent Schools sector
  - CYP requiring an IPA throughout the academic year has risen from 464 to 524
  - the full contractual sum of £35,074,807 HNB funding was committed for the contractual placements (based on the length of the IPA)
22. Further details are available in the 2020/2021 academic year annual report.

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Appendix 1 – Forecast Outturn 2022/23 (as at Quarter 1)

<b>2022-2023 HIGH NEEDS BUDGET (as at Quarter 1)</b>	<b>Latest Budget</b>	<b>Forecast Outturn</b>	<b>Over/(Under) spend</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Planned Places</b>	<b>33.1</b>	<b>33.1</b>	<b>0.0</b>
<b>Top Up Budgets</b>	<b>40.6</b>	<b>42.3</b>	<b>1.7</b>
Staffordshire Special Schools and Academies	20.9	21.4	0.5
Staffordshire Mainstream Schools	15.0	16.4	1.4
Pupils in other LA Special & Mainstream Schools & A	2.2	2.2	(0.0)
Pupil Referral Units	2.5	2.3	(0.2)
<b>Non Top Up Budgets</b>	<b>41.1</b>	<b>45.4</b>	<b>4.3</b>
Independent Schools Mainstream	1.8	2.1	0.3
Independent Schools Special	23.9	26.8	2.9
Independent Hospital Fees	0.2	0.2	0.0
Early Years PVI's	0.2	0.6	0.4
Alternative provision (inc Hubs)	3.2	3.0	(0.2)
Education Other Than At School (EOTAS)	0.5	0.6	0.1
SEN Support Services	6.6	6.6	(0.0)
Post-16 FE Placements & Top-ups for ISPs	4.7	5.5	0.8
<b>GRAND TOTAL</b>	<b>114.8</b>	<b>120.8</b>	<b>6.0</b>
<b>Funding</b>	<b>(114.8)</b>	<b>(114.8)</b>	<b>(0.0)</b>
High Needs Allocation from Government	(114.8)	(114.8)	(0.0)
Transfers from other Blocks	0.0	0.0	0.0
<b>NET FORECAST OUTTURN</b>	<b>0.0</b>	<b>6.0</b>	<b>6.0</b>

## Appendix 2 - SEND Contract Management Report Academic year 20/21

### Independent and Non-Maintained Placements

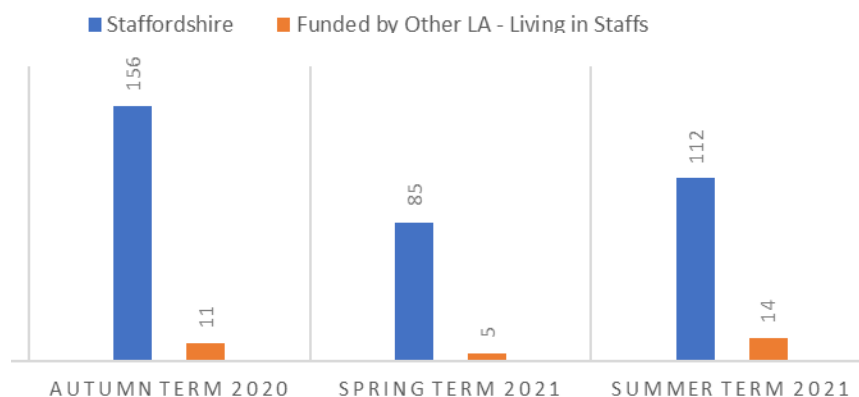
#### 1. Overview

An Individual Placement/Pupil Agreement (IPA) will only be in place for a maximum of 4 years for an individual pupil. This ensures that at each key stage/transition point a new IPA is drawn up to ensure the outcomes detailed within the IPA are current and cost implications are taken account of.

<b>NCY</b>	<b>Age</b>	<b>Key Stages</b>	<b>No of Yrs</b>
<i>Nursery &amp; Reception</i>	2-5	<i>Early Yrs</i>	3 Years
<i>Year 1 – 2</i>	5-7	KS1	2 Years
<i>Year 3 – 6</i>	7-11	KS2	4 Years
<i>Year 7 – 9</i>	11-14	KS3	3 Years
<i>Year 10 – 11</i>	11-16	KS4	2 Years
<i>Year 12 +</i>	16-26	Post 16	Annually

- 1.1. When a CYP is admitted to an independent school during Year 9 the approval can extend beyond Key Stage 3 and include Key Stage 4. This would still ensure the total number of years agreed within an IPA does not exceed the maximum of 4 years.
- 1.2. Post 16 approval will cover 2 years where the individual agreement is linked directly to a specific course rather than the school placement.
- 1.3. Below is an overview of CYP who have an EHCP naming an independent or non-maintained school during the academic year 2020/2021:

#### PLACEMENTS AGREED DURING THE TERMS



#### Movement of CYP during 2020/2021

- 383 school placements agreed within the Independent Schools sector (30 of these were funded by another LA) taking the total number of CYP requiring an Individual Pupil Agreement to 524.
- 131 left a provision with 17 of these funded by another LA



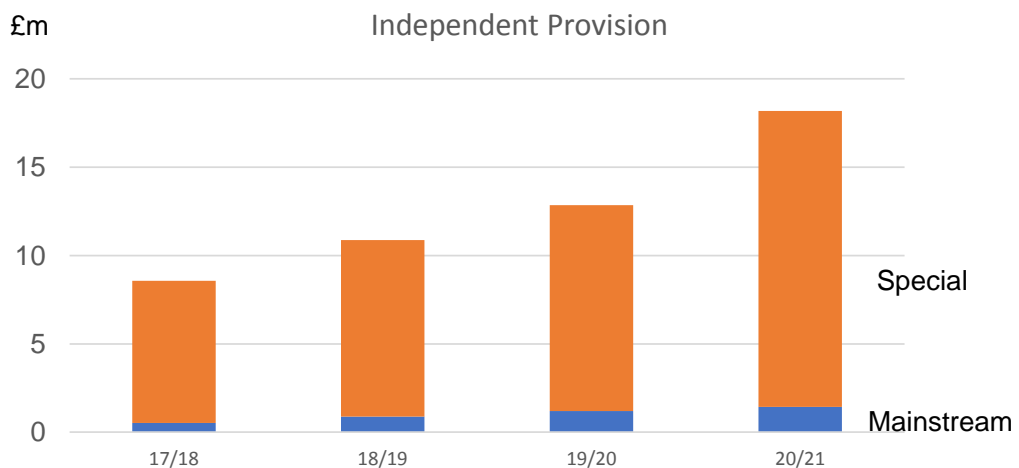
- 1.4. During the academic year the full contractual sum of £35,074,807 HNB funding was committed for the contractual placements (£17,243,080 Autumn, £7,379,786 Spring, £10,451,941 Summer) for the 353 CYP (251 Staffordshire funded new placements + 102 existing placements)
- 1.5. Of the 64 providers who we currently place with, 55 have now signed up to the National Association of Independent Schools & Non-Maintained Special Schools (NASS) Contract with Staffordshire. It is our intention to ensure that all new providers are signed up to the NASS contract prior to placements commencing to ensure that they are clear of our expectations.
- 1.6. See Appendix A to view a list of current providers we place with, showing who has signed the NASS contract and who is listed on the Section 41 list. Section 41 of the Children's and Families act 2014 allows the secretary of state to publish a list of approved independent educational institutions, independent schools and Special Post-16 institutions who must evidence that they meet a certain criteria. If a Parent of a Young Person requests that an approved provider to be named in their EHCP then the LA is under a conditional duty to accept (unless it would be unsuitable for the age, ability, aptitude or SEN of the CYP, or that the attendance of the CYP would be incompatible with the efficient education of others or the efficient use of resources). Applications to the Section 41 list are considered on a yearly basis. Currently there are 254 institutions listed, with only 4 in Staffordshire. Out of the 64 providers that we place with 16 are on the Section 41 list.
- 1.7. All Providers who have a current NASS contract in place are now listed on the SCC Contracts Register, a termly update is submitted to the Commercial Team to ensure that the information remains up to date and accurate.
- 1.8. The demand for CYP requiring an IPA throughout the academic year has risen from 464 to 524. We continue to negotiate with providers to sign the NASS contract and subsequent IPAs. Where these are in place, 76 % of the cohort have completed IPAs. Of the remaining 24%, 15% with providers for signing, 4% awaiting further agreement, 3% waiting for start dates and 2% with queries.
- 1.9. Further analysis of the data evidenced 80% of placements agreed during the summer term had a signed IPA in place prior to admission, with the IPA being signed by both parties on average of 25 days before an admission date.

**2. Finance** (SEND Finance Team provided the following information)

2.1. The table below shows the 2020-2021 budget and provisional outturn for Independent Schools (Mainstream and Specials), not including SEN Inclusion Fund (Early Years allocations) or Independent Hospital fees. It shows the forecast 'overspend' of c £4m

	£m	£m	£m	£m	£m	£m
	Budget 2021/22	Provisonal Outturn 2021/22	Variance 2021/22	Budget 2020/21	Outturn 2020/21	Variance 2020/21
Independent Schools - Mainstream	1.470	1.470	0	1.200	1.391	0.191
Independent Schools - Special	18.194	22.151	3.957	14.000	16.781	2.781
	19.664	23.621	3.957	15.200	18.172	2.972

2.2. The chart below shows the level of spend in the independent provision and the increase over the last four years; whilst additional government funding in 2021/22 has provided for a significant budget rise next year, this is still unlikely to be sufficient given the increasing cost of new placements and demand:



2.3. The total cost of the for the Contracts Manager including on-costs is £66k. This post continues to demonstrate a cost benefit to SCC with a cumulative saving of £280k which equates to a net saving of £214k as at July 2021 (a 12 month period).

2.4. As part of one of the contract variations that were implemented a year ago, providers were required to share individual pupil attendance. With this data now being fully recorded within Capita for the past academic year, it has meant that when agreeing new places and reviewing existing places at CDMG we have been able to input individual attendance expectations for CYP within the IPA element of the contract. This has been especially important where historic attendance has been low. When confirming this with one provider they agreed to discount the fees by 50% for non-attendance during the first term, this is because of the good and valued working relationship we have now established.

**Independent Schools showing  
Contract and Section 41 approved information**

	<b>64</b>	<b>55</b>	<b>16</b>
		<b>86%</b>	<b>25%</b>
<b>School</b>	<b>Contract in Place</b>	<b>Section 41 Approved</b>	
Abbotsholme - Issued 17/03/2021	No		
Active Wellbeing school	Yes		
Alderwasley Hall School	Yes	Yes	
Arc School Ansley	Yes	Yes	
Arc school Old Arley	Yes	Yes	
Aurora Hanley School	Yes		
Beech Hall School	No		
Bladon House School	Yes	Yes	
Bluebell School	Yes		
Chase Grammar	Yes		
Cheshire Alternative Provision School	Yes		
Compass Community School- Victoria Park	Yes		
Denstone College	Yes		
Draycott Moor College	Yes		
Elmfield School	No		
Heather Field School	Yes		
Heathfield Knoll School	Yes		
High Grange Children's School	Yes		
High Peak School	No		
Highclare School	Yes		
Hillcrest Glebedale School	Yes	Yes	
Hillcrest Shifnal School	Yes	Yes	
Higford School	Yes	Yes	
Hopedale School	Yes	Yes	
Intuition Holistic Education	No		
JP Alternative Education	Yes		
Kinetic Academy	Yes		
Lavender Field School	Yes		
Longdon Hall School	Yes		
Longdon Park School	Yes		
Maple Hayes Hall School	No	Yes	
Maple View School	Yes		
Mill House School	Yes		
Moor Park	No		
NAS Church Lawton	Yes		
New College Worcester	Yes		
Norton College	Yes	Yes	
Options Trent Acres School	Yes		
Overlay Hall School	Yes		
Overstone Park School	Yes		
Pace Education Ltd	Yes		
Peak (Gailey) Cannock sent to provider for	Yes		
Peak Audley	Yes		
Peak Education (Longford Road) Cannock (	Yes		
Peak Education Stoke (Snowhill) Sent to	Yes		
Pegasus (prev Caldwell Hall School)	Yes	Yes	
Priory Rugeley School	Yes	Yes	
Roaches Independent School	Yes		
Royal School for the Blind (Liverpool)	Yes		
Royal School for the Deaf - Derby	Yes		
Sporting Stars Academy	Yes		
Spring Hill High School	Yes		
St David's College	No		
St Dominics Grammar School	Yes		
Stepping Stones	Yes		
Sunfield School	Yes		
Underley Garden	Yes	Yes	
Values Academy	Yes	Yes	
Values Academy Nuneaton	Yes	Yes	
Wathen Grange School	Yes		
Westmorland School	Yes	Yes	
Wrekin College	No		
Woodside Lodge Learning Centre	Yes		
Woodbury School (Horizon Care)	Yes		