

Schools Forum – 13th January 2022

High Needs Block update

Executive Summary:

- The forecast outturn for the 2021/22 High Needs Block is £8.2m overspend.
- 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.
- Significant additional Government funding next year will see Staffordshire's High Needs Budget increase to £115m (c 14%). However this is insufficient to close the gap and it is likely that a further overspend will arise in 2022/23.
- Work to implement of the new Education Banding Tool continues in line with the original implementation plan. However to ensure the successful implementation of the EBT, it has been agreed to delay the start date until April 2022.

Recommendations:

That Schools Forum notes:

1. the High Needs Block budget update 2021/22 and latest forecast outturn
2. the update on the latest DSG government settlement
3. 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. For Staffordshire the High Needs budget 2021/22 is £101.0m; an increase of £11.6m compared with 2020/21 (13%). There has been no transfer of funding from the Schools Block this year to supplement the SEND budget.

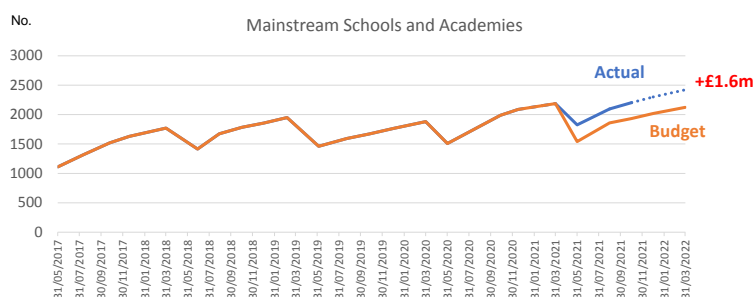
6. Whilst the additional Government funding is recognised, rises will only keep pace with rises in cost / demand and this is insufficient to close the gap. Last year was severely impacted by the development and resolution of the backlog in EHCP assessments and we are now only this year seeing the full year impact of those additional EHCPs – accordingly the forecast overspend this year is circa £8.2m (a more detailed overview of the High Needs Block budget is provided within Appendix 1):

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	39.2	3.3
Non Top Up Budgets			
Independent Schools (Mainstream & Special)	18.2	24.2	6.0
Alternative provision (inc Hubs)	3.4	2.5	(0.9)
Post 16	4.4	4.4	0.0
Other	7.1	7.0	(0.1)
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

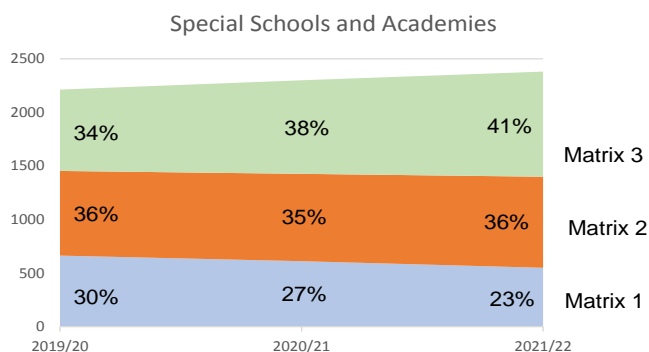
7. Key variances arising

i) An overspend of c £3.3m against the school ‘top up’ budgets including:

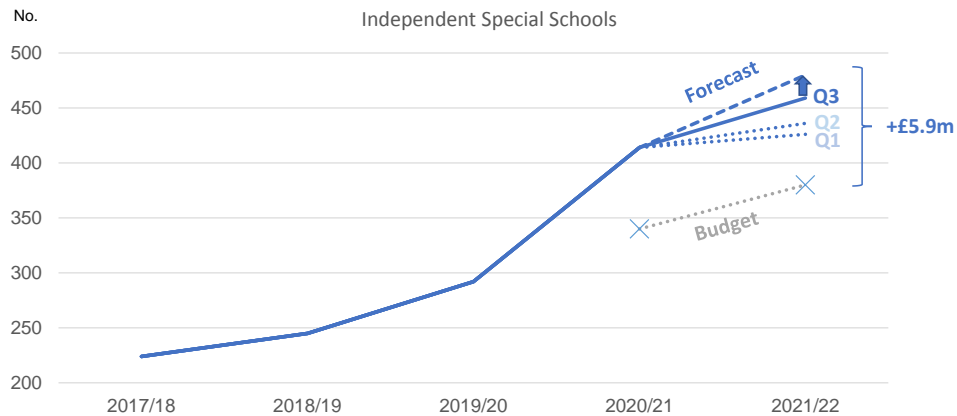
- a rise in the number of children with EHCP/AEN support in Mainstream Schools and Academies leading to a £1.6m overspend:



- An overspend of £2.3m 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 £5.9m in Independent Special Schools



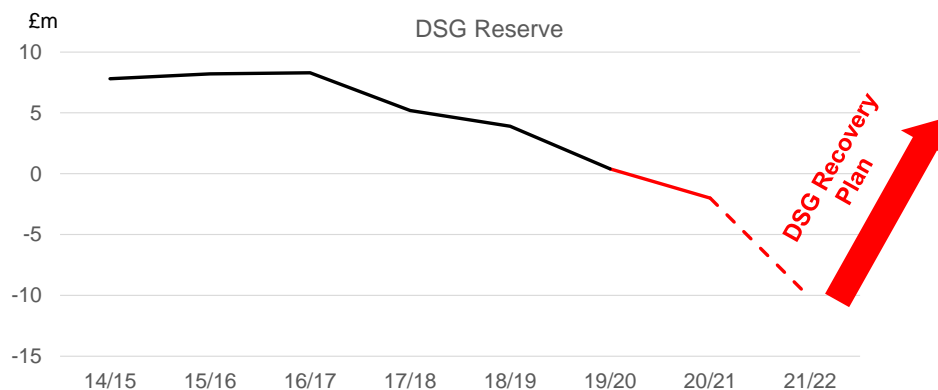
Note: the High Needs Block does not include the following costs:

- 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 up to £1.2m 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 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.

8. 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).



School Funding Settlement 2022/23 (DSG and supplementary funding)

- **Schools**

9. In July 2021, the then Minister of State for Schools informed Parliament of the publication of primary and secondary units of funding for the schools block of the DSG.
10. In addition to the DSG, mainstream schools will receive a supplementary grant in 2022/23 worth £1.2 billion (£17m for Staffordshire mainstream schools). For primary and secondary provision, the grant is being provided in respect of both the Health and Social Care Levy and other cost pressures. Overall, taking the DSG allocations and the supplementary funding together there is an increase in mainstream school funding, for the 5-16 age group, of £2.5 billion (£37m for Staffordshire). Nationally this is equivalent to a 5.8% cash increase in funding per pupil on average.

- **Early Years**

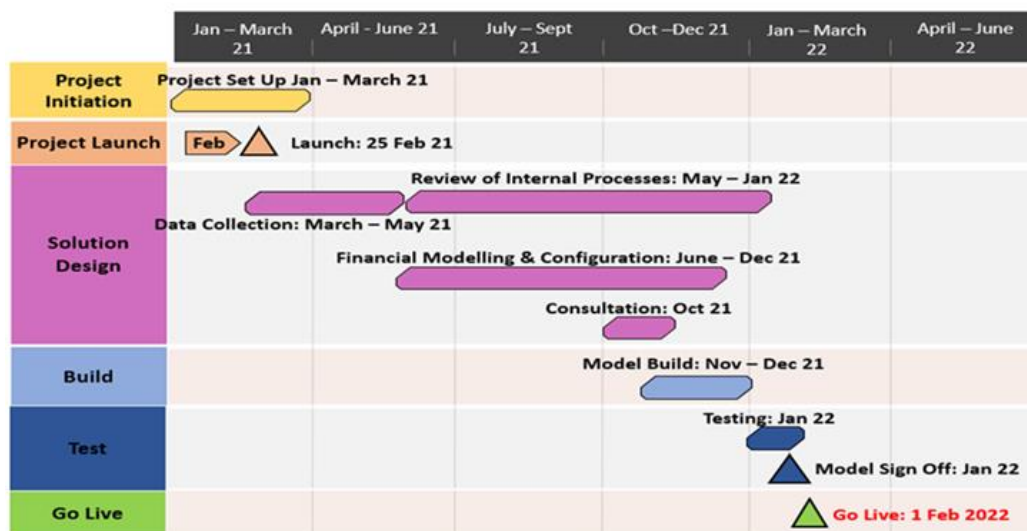
11. Staffordshire rates received from Government have been increased as follows:
 - 3 and 4 year old hourly rate per child has increased to £4.61 in 22/23 (an increase of 17p or 3.8%)
 - 2 year old hourly rate per child has increased to £5.57 in 22/23 (an increase of 21p or 3.9%)
12. Staffordshire is currently considering how this increase in allocation will be passed out to providers and this will be communicated as soon as possible and brought forward to Schools Forum for information at its meeting in March. An Early Years workshop with partners scheduled for 27 January will help inform that decision.

- **High Needs**

13. Nationally, high needs funding, including a top up to the DSG allocations announced in July (£4m for Staffordshire), is increasing by over £1 billion. For Staffordshire the High Needs Block allocation 2022/23 will be £115m – a rise of £14m (13.8%) compared to 2021/22.
14. 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. Staffordshire, along with other councils across the sector, have been lobbying for additional resource. Whilst the additional funding is significant this reflects the increasing pressures within the sector - including the impact of the Health and Social Care (NI) Levy – and will not close the existing funding gap.

Education Banding Tool Update

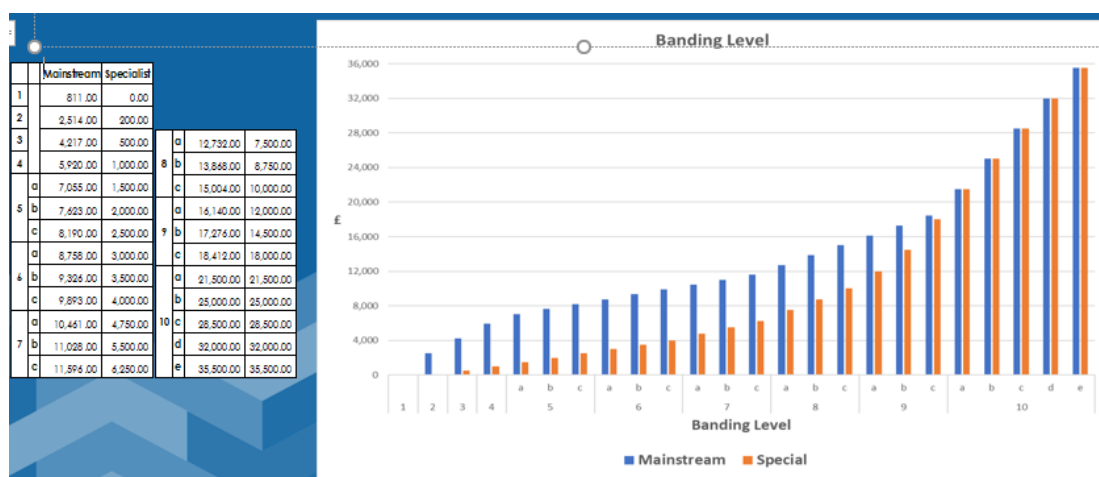
15. Progress on the implementation of the Education Banding Tool has continued as per the agreed high level implementation plan (see below).



16. 22 consultation responses were received and analysed from Education Providers in respect of their views on the Key Decisions, Band Levels and Budget Modelling. The outcome of the consultation has been shared with the EBT Implementation Project Team Group and Education Providers and agreed actions based on the responses were to:

- Re-consider using the sub levels in the lower bands
- An overview of the training and quality assurance process which will be undertaken by the SEND Team will be detailed on the Local Offer
- A revised process/pathway for ENCHNA to have in place joint meeting with parent/carer, education provider & SEND

17. Following the consultation, additional sub-levels have been introduced from Band Level 5 and above and below are the revised levels and associated financial values for a mainstream and specialist provider.



18. An additional two parent/carer virtual workshops have been held with the aim to provide them with information on the EBT in respect of:

- What it is
- How it was developed

- It's features and benefits
 - How it calculates the band level
 - How it will be implemented and work in Staffordshire
 - What training and support will be provided
19. The FE implementation is to be postponed until June 2022. As an update, a further 55 EBT Pupil Needs Assessment have been completed to support further financial modelling, with the aim to have a bespoke meeting with our FE Providers to share the analysis and agree next steps.
20. A detailed training plan has been developed for Children's and Families to support them with their understanding and applying the Banding Tool and the revised process and pathways. In addition, work is continuing on the development of the quality assurance process.
21. Key risks and issues continue to be monitored, managed and made visible to key stakeholders, who are actively engaged on a regular basis and notes and slides from the Implementation Reference Group and Steering Group meetings continue to be published on our [Local Offer](#).
22. In light of the Children's and Families Transformation, we are starting to embed our new ways of working across the system and therefore to ensure the successful implementation of the EBT, it has been agreed to delay the start date until April 2022. This will ensure that adequate time is given to ensure staff successfully complete the training required to undertake a Pupil Needs Assessment as part of the EBT and the Quality Assurance Framework is in operation.
23. The SEND Service and Finance remain critical to ensuring we implement the EBT for mainstream and special schools in April 2022 and FE in June 2022.

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Appendix 1 - Forecast Outturn 2021/22 (as at Quarter 3)

2021-2022 HIGH NEEDS BUDGET (as at Quarter 3)	Latest Budget	Forecast Outturn	Over/(Under) spend
	£m	£m	£m
Planned Places	32.0	32.0	0.0
Top Up Budgets	35.9	39.2	3.3
Staffordshire Special Schools and Academies	17.7	20.0	2.3
Staffordshire Mainstream Schools	13.1	14.7	1.6
Pupils in other LA Special & Mainstream Schools & Academies	2.1	2.2	0.1
Pupil Referral Units	3.0	2.3	(0.7)
Non Top Up Budgets	33.1	38.1	5.0
Independent Schools Mainstream	1.5	1.6	0.1
Independent Schools Special	16.7	22.6	5.9
Independent Hospital Fees	0.2	0.2	0.0
Early Years PVI's	0.1	0.2	0.1
Alternative provision (inc Hubs)	3.0	2.0	(1.0)
Education Other Than At School (EOTAS)	0.4	0.5	0.1
SEN Support Services	6.8	6.6	(0.2)
Post-16 FE Placements & Top-ups for ISPs	4.4	4.4	0.0
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