

## North Northamptonshire Schools Forum: 20<sup>th</sup> January 2022

### Agenda Item 3

#### High Needs Block 2021-22 and 2022-23

#### Background

The purpose of this report is to update School's Forum on:

- the forecast outturn position for the High Needs Block element of the Dedicated Schools Grant in for 2021/22,
- the provisional allocation of High needs Block funding for 2022/23
- proposed actions to begin to develop a sustainable, affordable and resilient High Needs funding approach for North Northamptonshire Council

#### Context

The Dedicated Schools Grant (DSG) is a ring fenced Department for Education (DFE) grant of which the majority is used to fund individual schools budgets in maintained schools and academies. It also funds Early Years nursery entitlement for 2, 3 and 4 year olds in maintained council nursery classes and private, voluntary and independent (PVI) nurseries as well as provision for pupils with High Needs including those with Education Health & Care Plan (EHCPs) in special schools, special provision and mainstream schools and out of area. The DSG is split into four blocks: Schools block, Central School Services Block, Early Years Block and High Needs Block.

The High Needs Block (HNB) is responsible for funding the following:

- Place funding at £10k per place for all special school/ academies/ AP schools/ academies
- Place funding at £6k/ £10k per place for occupied/ unoccupied special places within specialist resource provision operated by mainstream schools
- Top up funding for any SEND/ AP pupil, including the full cost of independent provision.
- Service agreements for specialist support services such as outreach services, speech and language therapy services and specialist support services for hearing impairment and visual impairment Through an adjustment the HNB pays for the place funding at out of area special school/ Academy places and Non-Maintained Special school placements at £10k per place

In recent years there has been considerable growth in pupils identified as having SEND and in those requiring an EHCP, pupils requiring Alternative Provision (AP) and pupils requiring specialist provision. This shows no signs of abating. As a result, many LA have found that the HNB has been insufficient to fully meet identified needs and that they are managing. This has been exacerbated by the longer term implications of changing legislation which has, amongst other issues, increased the age range for which EHCPs are funded, from 18 to 25, and increased awareness from schools and parents that an EHCP can be a route to attracting additional resources.

Where the DSG overspends, an LA can carry forward this deficit with a view to meeting this from future DSG allocations. North Northamptonshire Council (NNC) inherited an overspend of £2.115m on the HNB element of the DSG from Northamptonshire County Council (NCC) at the point of Local Government Reorganisation. This reflected local pressures on the HNB as a result of increased

numbers of pupils with needs that must be met, demographics and sufficiency issues, these issues are ongoing and increasing.

Recent medical advances and the improved identification processes for pupils with a range of SEND, mean that without significant 'intervention', the LA does not expect the prevalence of EHCPs and the demand/ need for more specialist and AP across NNC to reduce. Currently, there is year-on year growth in these areas and with this unsustainable demand on the HNB.

Along with a growth in the prevalence of EHCPs, demographic pupil number growth is also occurring. This has contributed to the growth in the number of pupils requiring an EHCP and this is to be expected. More recently, this increase in pupil numbers is impacting more significantly on secondary schools, where, historically, the majority of permanent exclusions occur. There is concern that with this increase in pupil numbers, the secondary phase will experience a combined and significant growth in pupils requiring an EHCP, specialist provision and/ or alternative provision.

The continued pressure on local sufficiency also impacts on wider outcomes for children with SEND. This includes preparation for adulthood, participation in society and healthy outcomes. With increasing numbers of children placed out of area there are reduced opportunities for independent travel planning and additional pressure on transport costs.

While LAs, including NNC, have, in partnership with schools, increased capacity in these areas, it is clear that additional places are still needed, to ensure sufficiency and reduce the reliance on high cost Independent Non Maintained Special School placements.

In NNC the cumulative impact of these pressures is a projected overspend in the HNB for 2021/22 of circa £0.3m to be added to the carried forward deficit of £2.115m. This is clearly not a sustainable position, and as such a DSG Management Plan will be required to show how the HNB will be brought back in to balance. This will be submitted to DFE for their consideration and approval and further details of this will be brought forward to the March meeting of the School's Forum

In NNC the profile of how and where pupil's needs are met is changing. The proportion children with an Education, Health and Care Plans (EHCP), in a mainstream setting is low when set against national comparators. This is, in part, the result of previous local policy guidance about when an EHCP should be requested, how needs should be met and how support is funded in mainstream schools. NNC is committed to increasing the proportion of EHCP pupils educated in mainstream schools. The Council will continue to work with schools to develop strategic and operational positions that will enable this.

A renewed focus on partnership working and inclusion will look to ensure schools have the skills, confidence and access to support they require, across the system, to meet needs. This will lead to better outcomes of children and young people, help to address sufficiency issues in specialist settings and reduce pressure on the HNB

### **2021/22 HNB Projected Outturn**

The North Northamptonshire HNB allocation for 2021/22 is £45.504m. This is before recoupment of funding for academies and free schools of £9.546m. Adjusting for this leaves total HNB resources of £35.959m that will be received by the LA through the DSG. The recouped funding is paid directly to the institutions by the Education Skills and Funding Agency (ESFA).

Monitoring undertaken based on spend at the end of period 8, November 2021, shows a budget pressure on HNB expenditure of £2.413m. This includes the carried forward deficit from NCC of £2.115m.

The following table sets out an analysis of spend against budget as at the end of period 8:

<b>Table 2 - DSG High Needs Block 2021-22</b>				
<b>High Needs Block</b>	<b>2021-22 Original Budget £'000</b>	<b>2021-22 Actuals as at P8 £'000</b>	<b>2021-22 Forecast Actuals £'000</b>	<b>Variance £'000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Academy High Needs Place Deductions/Recoupment	9,546	9,546	9,393	-153
SEN Units and Resource Provision Place and Top Ups	615	639	852	237
Special School Place and Top Ups	14,572	8,765	14,572	0
Post 16 Place and Top Ups	1,830	1,611	2,148	318
High Needs Out County Top ups	7,197	6,960	9,280	2,083
Provision For Pupils With SEN	4,705	3,250	4,333	-372
Hospital & Outreach	0	0	0	0
Alternative Provision	3,605	842	3,605	0
<b>Commissioned services and delegated schools funding</b>	<b>42,069</b>	<b>31,613</b>	<b>44,182</b>	<b>2,113</b>
Educational Entitlement Team (incl 125k combined serv)	293	500	293	0
Specialist Support Service	375	577	375	0
Sensory Impairment Provision	971	1,475	971	0
Education support and MASH	43	43	43	0
Virtual School including Kick into Study	217	217	217	0
SEN/Education Health Care team support	614	829	614	0
NPPS (Northamptonshire Parent Partnership Service)	10	10	10	0
<b>High Needs Central budgets</b>	<b>2,522</b>	<b>3,651</b>	<b>2,522</b>	<b>0</b>
Repayment of prior year deficit	2,115	2,115	2,115	0
Transfer from Schools Block to High Needs Block	-1,122	-1,122	-1,122	0
Transfer from Central School Services Block to High Needs Blo	-352	-352	-352	0
Transfer from High Needs Block to Early Years Block	271	271	271	0
Estimated EHCP backlog			300	300
<b>Adjustments to High Needs Budget 2021/22</b>	<b>913</b>	<b>913</b>	<b>1,213</b>	<b>300</b>
<b>Total High Needs Block</b>	<b>45,504</b>	<b>36,177</b>	<b>47,917</b>	<b>2,413</b>

The main areas of spend reporting pressure are

- Out of County Top Ups, this is expenditure where pupils needs cannot be met by provision within the NNC area, which may be due to sufficiency or the specialist nature of the need, and so a placement is made outside of NNC or at an Independent Non Maintained Special School.
- Special School Place and Top ups, this is expenditure on placements within NNC at maintained schools, free schools or academies, to provide the funding required to meet need as identified through the EHCP process.

Work is ongoing to better understand the full impact of these pressure and identify ways in which they can be addressed in year to minimise any overspend.

As a result of the pressures set out above, it is clear that the HNB in NNC will end the 2021/22 financial year with a deficit. As a result, the DFE will require a detailed DSG Management Plan to be developed for their approval. In developing the plan, NNC proposes to take this opportunity to undertake a wider review of the framework which is in place to support the efficient and effective use of these resources to meet need and support inclusion

**It is proposed that School's Forum establish a Task and Finish Group to actively engage with the development of a DSG Management Plan for NNC**

School's Forum will be a key partner in this process. In order to facilitate as effective engagement as possible, it is proposed that the Forum establish a Task and Finish group to work with officers on this review. This work will need to commence immediately with an aspiration to commence new ways of working on a phased basis from September 2022.

A further area of concern is that the High Needs Funding Panel has not met for some time. This group considered applications from schools for the allocation of additional resources to support them in meeting needs. This was intended to reduce the need for EHCPs and to support schools in being proactive in maintaining inclusion. This was a legacy process inherited from NCC and is not a statutory part of the High Needs process. Should the panel reconvene, the pressure on the HNB will further increase. However, having started the financial year with this process in place, there is an expectation amongst schools that funding will be allocated.

### **It is proposed that the High Needs Panel for NNC is reconvened with a more focussed remit**

The 2021/22 High Needs funding framework for NNC included the continuation of the allocation of resources through the High Needs Panel. Schools have established budgets on this basis and have shown significant patience over a number of months as the process has been paused.

However, the budget pressures set out in this report clearly show that and funding allocated will add to an already over committed budget. The resulting overspend will then have to be carried forward and addressed through the DSG Management Plan. Therefore, applications will only be approved where it is clear a one off allocation of resources will result in demonstrably improved outcomes for child or young person and support inclusion.

The longer term position on the High Needs Panel, from September 2022 onward, will form part of the work of the Task and Finish group proposed above.

The development of a DSG Management Plan for NNC will need to be addressed as part of closedown of the 2021/22 DSG and the setting of budgets and the framework for managing the DSG in 2022/23. In order to ensure that the Management Plan is deliverable, this will need to be a partnership piece of work undertaken with School's Forum and other stakeholders

### **2022/23 HNB Allocation**

On 16 December 2021 the DFE published allocations of the HNB 2022-23, an extract for NNC is set out below:

Dedicated schools grant: 2022 to 2023 allocations local authority summary	2022 to 2023 DSG allocations, before recoupment and deductions for national non-domestic rates, and for direct funding of high needs places by Education and Skills Funding Agency (ESFA)				
	Schools block (£s)	Central school services block (£s)	High needs block (£s)	Early years block (£s)	Total DSG allocation (£s)
	[A]	[B]	[C]	[D]	[E]
	= [A] + [B] + [C] + [D]				
North Northamptonshire	254,876,162	3,567,298	<b>£50,115,790</b>	21,812,758	330,372,008
LESS Recoupment			<b>-£10,134,000</b>		
Funding received by LA			<b>£39,981,790</b>		

Table 3 – HNB allocations 2022-23

The total increase in HNB funding from 2021-22 to 2022-23 is **£4.611m** (10.13%) prior to recoupment, further detail of the funding formula used to set the HNB allocation for NNC is set out below:

<b>Table 4 - High Needs Block DSG</b>	<b>2021-22 DSG</b>	<b>2022-23 DSG</b>	<b>Change from 2021-22 DSG Allocation</b>	<b>% Change from 2021-22 DSG Allocation</b>
	<b>Version Date: 18 Nov 2021</b>	<b>Version Date: 16 Dec 2021</b>	<b>£</b>	<b>%</b>
(a) Total high needs elements in the funding floor and gains calculation	£41,945,728	£45,822,048	£3,876,320	9.24%
(b) Basic entitlement factor (area cost adjusted) unit of funding	£4,683.45	£4,683.87	£0.42	0.01%
(c) Number of pupils in special schools and academies	1,079.50	1,240.18	160.68	14.88%
(d) Import/export adjustment (based on January 2021 school census and February R06 2020 to 21 individualised learner record)	-£1,614,000	-£1,614,000	£0	0.00%
(e) Additional Funding for Special Free Schools	£96,000	£78,000	-£18,000	-18.75%
(f) Hospital education, AP teachers' pay/pension and supplementary funding factor	£20,900	£20,900	£0	0.00%
<b>Total High Needs Block before deductions</b>	<b>£45,504,413</b>	<b>£50,115,790</b>	<b>£4,611,377</b>	<b>10.13%</b>
(g) Less Recoupment	-£9,545,668	-£10,134,000	-£588,332	-6.16%
HNB received by LA (cash)	£35,958,745	£39,981,790	£4,023,045	3.97%
<b>(h) Additional High Needs Supplementary Funding</b>	<b>£0</b>	<b>£1,889,965</b>	<b>£1,889,965</b>	

Item (h) above represents an additional allocation of HNB funding of £1.890m in support of the social care levy from April 22 which was announced later than the initial allocation set out above.

Based on this allocation, and following adjustments for recoupment, the total HNB for NNC in 2022/23 is £41.872m, an increase of £5.914m.

### **Recommendations for School's Forum**

- 1 That School's Forum establish a Task and Finish Group to actively engage with the development of a DSG Management Plan for NNC.**
- 2 That the High Needs Panel for NNC is reconvened with a more focussed remit**

### **Financial Implications**

The financial implications are set out in this report.

### **Legal Implications**

The legal implications are set out in this report.

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