SCHOOLS FORUM – 24TH FEBRUARY 2023

SEN – HIGH NEEDS BLOCK ALLOCATION 2023-24

Introduction

The purpose of this paper is to advise Schools Forum members of the allocation of the High Needs Block (HNB) for 2023-24 and seek any comments they may have.

Current position

The 2023-24 indicative High Needs Block allocation issued by the DfE shows an allocation to NELC of £30.411M which is an increase of £2.569M on the 2022-23 allocation. This is before EFSA recoupment.

Although demand has further increased in 2022-23 a number of measures are leading to the initial conclusion that the deficit recorded as at the 31st March 2022, £1.533m, should not increase in this current financial year. This projection is subject to some assumptions and estimates and the position won't be fully known until the year end.

A table showing the movement in EHCP numbers is shown below:

Academic Year	Cumulative Number of EHCP's	% Increase on previous years (NELC)
2014-15	536	
2015-16	563	4.6
2016-17	639	13.7
2017-18	760	19.4
2018-19	892	17.2
2019-20	1,040	16.6
2020-21	1,206	16.0
2021-22	1,275	5.7

The number of children with an EHCP as a percentage of the school population locally, nationally and regionally are shown in the table below:

Academic Year	National %	Regional %	NEL %
2015/16	2.8%	2.3%	2.0%
2016/17	2.8%	2.4%	2.1%
2017/18	2.9%	2.6%	2.3%
2018/19	3.1%	2.8%	2.7%
2019/20	3.3%	3.0%	3.1%
2020/21	3.6%	3.2%	3.5%
2021/22	4.0%	3.5%	3.8%

A significant proportion of spend is on out of area more expensive provision and in 2021-22 amounted to £6.7m out of a total spend of £18.3m (37%). In 2022-23 spend is currently projected at £7.8m. As stated in previous years this level of spend and year on year increase is unsustainable. Unless this level of spend can be reduced and as many children as possible educated in mainstream the financial challenges on the high needs block will remain and there is an urgent need to speedily implement identified actions to address these.

In order to start to address this issue the Department of Education introduced a programme called Delivering Better Value (DBV). The aim of DBV is to work with Local Authority's to create a programme of actions and interventions backed by data evidence to create a financial sustainable DSG going forward. The DBV is not intended to clear historic deficits although actions from it may assist with these.

At the 31st March 2022 the DSG Account (formerly known as the Contingency) reported a cumulative deficit of £1.533m. Current in year projections are indicating that the cumulative deficit should not increase further in the year to 31st March 2023.

The exemption that there is no requirement for the Council's general fund to meet any deficit and the DSG as a specific grant must balance which expired on the 31st March 2023 has been extended for the next 3 years from 2023-24 to 2025-26.

Whilst the DBV should hopefully stabilise the financial position this will take time and in this intervening time the option to top slice from the Schools Block cannot be ruled out if the DfE regulations still permit this.

In determining the allocation for 2023-24 then we have had to be mindful of the following:

1. The financial position of the DSG Account and the projected outturn position.
2. The increase in demand and complexity of need
3. Current spend commitments.
4. The provider market in respect of price / rate uplifts.
5. The need to facilitate mainstream pupil inclusion.to prevent more expensive packages.

In respect of the allocation of the High Needs Block for 2023-24 then following the additional funding and in year actions we have managed to set a balanced position. Whilst this is a significant step forward it needs to be noted that this doesn't make in-roads into the cumulative deficit currently projected at £1.5m.

The financial position remains very challenging and the only way out of it is to keep as many pupils as possible in mainstream education to avoid more expensive packages of education. Where children are unable to remain in mainstream education then the supply and location of appropriate and specialist provision needs to be created and the free school specialist provision bid is one example of this. If these options do not resolve the financial challenge and bring the DSG Account back into balance then, if allowed, a top slice of the school's block cannot be avoided.

Summary of the Main changes

Appendix 1 shows the proposed allocation for 2023-24. The main changes are detailed below:

Agency Placements

Increasing demand and national under supply of specialist provision is leading to increased funding pressures for young people with the highest needs, who often require bespoke packages of education with associated high costs. It is evident from recent tribunal experience and intelligence from other local authority's experiences that this is not a pressure we alone are experiencing.

The council continues to monitor this area of spend and where possible looks to reintegrate our young people back into the mainstream setting and/or to lower cost placements where there would be no material dis-benefit for the child / young person.

Due to demand exceeding supply in respect of provision this cost spending pressure will continue to increase unless there is active management. As stated above in 2021-22 the spend amounted to £6.7m out of a total spend of High Needs Block allocation of £18.3m (37%). In 2022-23 spend is currently projected at £7.8m. In respect of 2023-24 a proposed allocation of £8.65m has been projected.

Special / Mainstream School Banding Value Top Ups

Demand pressures continue to be experienced across both special and mainstream sectors. As a result, it was necessary to slightly increase the number of commissioned places in one of our special schools in the 2023-24 academic year.

Top Up rates were increased in 2020-21 by 7% and a fixed cost payment to special schools at the same amount that is paid to schools was introduced. For the 2021-22 academic year a 1.7% increase in top up rates was made together with an increase in the fixed cost payment in line with those received by mainstream schools.

For the 2022-23 academic year a slightly different approach was adopted in respect of the funding for the special academies. Discussions were held with both of our special academies with the view of moving towards an average amount per pupil. The result of these discussions was that in respect of the autism school a 2% uplift was made on the 2021-22-year payment which slightly exceeded the average amount of number of commissioned places total. In respect of the physical disabilities school whilst we were not yet able to meet the average cost amount calculated significant in-roads to meeting this was made and an increase of 11% on the 2021-22 year payment was made.

For the 2023-24 financial year an uplift of 5% on current funding (per place and top up) is proposed. It should be noted that this change is to be effective from the financial year 2023-24 and not academic year as has been the case in previous years.

In respect of the physical disabilities school a further adjustment to the funding has been made in that the lump sum previously received has been assimilated into the top up.

In respect of the current banding values, it is proposed that these are maintained for mainstream school payments and that these values are increased by 5%

Alternative Provision

No changes to place numbers were commissioned as part of the high needs place return submitted in November 2022 for the 2023-24 academic year. In respect of the top up rates these have been increased by 5.6%, 1.7% and 5.9% in the current and previous academic years.

For the 2023-24 financial year an uplift of 5% on current funding (per place and top up) is proposed. It should be noted that this change is to be effective from the financial year 2023-24 and not academic year as has been the case in previous years.

Post 16

The allocation is to remain broadly the same following the significant increase as a result of the previous year merger of the East Riding College into the TEC Partnership and further additional places being commissioned. Some of this increase will be mitigated through the import / export adjustment lagged funding process.

Early Years SEN Inclusion Fund

This area, as other continues to face high demand pressures. As such an increase in the allocation of £100k is proposed in 2023-24 taking the total allocation to £300k. In spite of this increase there is always likely to be excess demand in this area and as such criteria will need to be constantly reviewed so budgets are targeted to where the need is greatest.

As is previous years this budget activity can either fit under high needs or early years and due to spending pressures within the high needs block to try to mitigate the deficit on the DSG Account any underspends on the EY Block will be used to offset this area of High Needs spend.

ASD Provision

As advised in last year's report the use of this provision has now ceased and no payments will be made.

Aspire / BAC's Income

Income from the Aspire / BAC's process continues to be collected where permanent exclusions occur. Over time decisions have been made by the Schools Forum to allocate some of this to fund specific activities. This includes a mixture of staffing, additional alternative provision places, other provision in addition to the contribution to the Behaviour Service Team and more recently it was agreed to contribute an element of this income to fund a group of staff within the Localities team.

The decision to include this income from a financial strategy point of view is risky as it relies on an activity that none of us want and was only introduced when balancing the high needs block was not possible. The increases in funding allow the allocation to be reduced and this opportunity has been taken and an allocation of £200k is proposed. The stated intention is to reduce this to £97k next year and match it to the historic contribution to the Behaviour Support team.

This should not be taken to read that if exclusions occur funding will cease to be withdrawn from the excluding school. It will in accordance with the guidance.

Pupil Inclusion Fund

This allocation is to be retained in 2023-24 but at the current level of £60k.

Central DSG Contingency projected position

Based on the above the projected position on the DSG Account is detailed in the table below:

	£'m	£'m
b/f as at the 1st April 2022		(1.533)
Projected DSG 2022-23 overspend	(0.000)	
Projected DSG Account deficit as at the 31st March 2023		**(1.533)**
Projected 2023-24 gross HNB over allocation	NIL	
Projected DSG Account deficit as at 31st March 2024 (subject to the allocations not being breached)		**(1.533)**

The above projected position is based on current known estimates at this time.

Local Authority Actions

In response to the participation in the DBV programme the Local Authority is also undertaking a number of further actions to try to contain spend on the High Needs Block. These are:

- A bid has been made to the DfE in respect of the funding of a 150 place SEMH free school. The outcome of the bid is awaited.
- Building on the recent work around increasing inclusivity.
- The continued development of primary resource-based provision to support our schools with children with additional needs,

The Schools Forum Working Party focusing on the HNB spend and ways in which we can further developing inclusivity in both primary and secondary settings; primary resource-based provision and potentially a Free School (or similar) continues to meet to discuss developments and proposals

Overall conclusions

Appendix 1 and the contents of this report present what is still a challenging position in terms of the DSG Account. Whilst it is encouraging that there will be no planned over allocation of the high needs block in 2023-24 it is fully allocated which means there is no in year contingency if allocations are exceeded. In addition, no in-roads have been made into the deficit position. The actions discussed above are a positive step forward but are not quick wins.

The current position particularly in respect of agency placements is financially unsustainable. To reduce the financial pressure, it is vital that children are retained in mainstream settings as far as possible and where specialist provision there is sufficient supply to avoid high-cost placements as far as possible. Should these strategies not be sufficient then the future top slice of the Schools Block, should this be permitted by the DfE cannot be ruled out.

Recommendation

Whilst the setting of the High Needs Block allocation does not require a formal decision from the Schools Forum and the report is for information and noting only it is imperative that the Schools Forum are an active partner in finding solutions and the joint work continues at pace in order prevent the financial deficit position referred to increasing.

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