



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday, 16 March 2023
Title of report:	High Needs Block 2023-24
Type of report: Delete as required	For information only
Executive summary: Including reason for submission	The report outlines the expected budget for the High Needs Block in 2023-24, how this compares to an anticipated in-year cash allocation of £77.86m (incl. £3.23m of additional funding announced in the Government Autumn 2022 Spending Review to support increased financial pressures within High Needs) and the extent of the anticipated financial pressure.
Budget / Risk implications:	There is a projected accumulated deficit as at 31 st March 2023 of £10.0m and a projected in-year deficit in 2023-24 of c.£3.0m which would result in an accumulated deficit as at 31 st March 2024 of £13.0m.
Recommendations:	Schools Forum are asked to note the contents of the report.
Voting requirements:	None
Appendices: To be attached	None
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Presenting officer: If not the originator	

1.0 PURPOSE OF THE REPORT

- 1.1 This report summarises the expected budget for the High Needs Block in 2023-24 and outlines the extent of the anticipated financial pressure.

2.0 HIGH NEEDS BLOCK FUNDING

- 2.1 The anticipated overall High Needs Block allocation available for North Yorkshire in 2023-24 is £77.86m, this includes £3.23m of additional funding announced in the Government Autumn 2022 Spending Review to support increased financial pressures within High Needs. This figure is reduced by the Education and Skills Funding Agency (ESFA) in relation to funding provided directly to academies and for some post-16 provision. It also includes an anticipated import/export adjustment (adjustments made to reflect cross-border movement of pupils living in one local authority who attend provision in another; adjustments for 2023/24 will be finalised by the DfE in early Summer 2022). The total deductions amount to an estimated £6.393m resulting in a net funding allocation to the local authority of £71.47m. This provides an estimated overall cash increase of £6.75m compared to 2022/23. The final High Needs Block figure will not be known until June 2023 following confirmation of the import/export adjustment. Table 1 summarises the anticipated funding position.

Table 1: HNB Funding Position

	2022-23**	2023-24	Variance
	£m	£m	£m
High Needs Block allocation	67.809	77.859	10.050
Supplementary Allocation	2.630	N/A	(2.630)
	70.439	77.859	7.420
ESFA Deductions	(5.726)	(6.393)*	(0.667)
North Yorkshire LA allocation	64.713	71.466	6.753

* These figures are the LA's latest prediction as at 27/02/2023.

**Latest High Needs DSG funding position provided by DfE

- 2.2 Changes in government regulations since January 2020 prohibit the local authority from using its general resources to fund any overspend in the High Needs Block (and any other DSG blocks). However, the local authority has chosen to set aside a provision to mirror any projected in-year 2023-24 High Needs Block deficit in order to adhere to its sound and prudent financial management principles. This provision will continue to be held in place until such a time that the overall cumulative High Needs Budget deficit has been fully recovered.
- 2.3 Nationally, the High Needs Block of the DSG will benefit from an additional £400 million in 2023/24, through a top up to the DSG allocations. The allocation for North Yorkshire is £3.23m. In respect of the additional High Needs funding, the DfE require local authorities to pass on a 3.4% funding increase to maintained special and alternative provision (AP) schools, and special and AP academies (including free schools), based on the number of places being funded in 2022/23. This requirement is a condition of grant attached to the additional DSG high needs funding allocated to local authorities.

3.0 HIGH NEEDS BUDGETS

- 3.1 The proposed budget for High Needs has been prepared building in provisional estimates for increased numbers of children and young people assessed as requiring Education, Health and Care Plans. This reflects recent trends, known planned movements and best estimates of future demand. The proposed High Needs Budget for 2023-24 is outlined in Table 2 below:

Table 2: High Needs Budget

	2023-24
	£k
High Needs Commissioning	67,692
Alternative Provision	1,729
Inclusion	1,579
Hubs & SEN Provision	2,947
AD - Inclusion	75
Financial Support	54
DSG Overheads	420
Estimated Spending	74,496
Estimated Funding	71,466
Estimated In-year Deficit	3,030
Projected In-year Deficit	3,030
Projected Accumulated Deficit B/f	10,007
Projected Accumulated Deficit C/f	13,037

- 3.2 In total, anticipated expenditure in 2023/24 amounts to £74.5m with a provisional projected shortfall of £3m. It should be noted that c.90% of anticipated spend is within High Needs Commissioning. This principally funds special school commissioned places and top-up funding, mainstream Element 3 top-up funding, independent and non-maintained special school commissioned places and special provision institution (SPI) commissioned places. The figures included in section 3.1 reflect the latest estimates and will be closely monitored throughout the year.
- 3.3 For financial planning purposes, the 2023-24 High Needs Commissioning budget supports approximately 4,432 FTE children and young people assessed as requiring Education, Health and Care Plans (EHCPs). In reality, the number of children currently supported is in excess of this. The financial planning assumptions indicate that there will be an increase of approximately 584 children and young people financially supported through EHCPs in 2023-24 in different types of provision. This represents an expected increase in demand of 13% in the next year alone.
- 3.4 The High Needs Commissioning Budget of £67,692k represents the single largest area of spending; most of the financial pressure in the last three years has been in this area. The budget comprises:

Table 3: High Needs Commissioning Budget 2023-24

	£k	%
North Yorkshire Special Schools	23,775	35.1
Independent and Non-maintained Special Schools	13,012	19.2
North Yorkshire Mainstream School E3 Top-up Funding	11,235	16.6
Pooled Budget	3,834	5.7
PRU's	3,203	4.7
Other Local Authority provision	3,147	4.6
Special Provision Institutions	2,337	3.5
Personalised Learning Pathways	2,071	3.1
FE Colleges	1,728	2.6
Early Years	1,048	1.5
Targeted Mainstream Provision	753	1.1
Independent Learning Providers (ILP's)	604	0.9
Education Other Than At School (EOTAS)	720	1.1
Other	225	0.3
Total	67,692	100

- 3.5 57.5% of the High Needs Commissioning is spent directly with schools and academies in North Yorkshire, with 35% targeted at supporting the ten special schools in North Yorkshire to develop and deliver provision to meet the needs of children and young people locally. However, £13,012k is spent on approximately 220 places in independent and non-maintained special schools. This represents just over 19% of the High Needs Commissioning Budget and represents an increase in absolute cost and an increase in overall share of the total spend compared with 2022-23. This continues to represent a high per pupil cost to the overall budget.

4.0 SPECIAL SCHOOLS

- 4.1 The Special schools funding formula for 2023-24 was agreed by Executive on 10 January 2023, taking into account the following specific aspects of the budget allocations :-
- The specific operation of the Minimum Funding Guarantee (MFG) in the Special school sector
 - The requirements placed on Local Authorities by the DfE for the allocation of the additional High Needs funding in 2023/24
 - The inflationary uplift factors applied to banding allocations (for top-up funding) and Contextual funding
- 4.2 The Minimum Funding Guarantee (MFG) is a protection for special schools against seeing a reduction in funding from year to year assuming that the number and type of places remain the same. The DfE have prescribed the level of the Special School MFG for 2023/24 through the DSG conditions of grant at 3% compared to the 2021/22 funding baseline for a special school. NYCC has implemented this increase.
- 4.3 The County Council Executive confirmed approval for Banded Funding allocations to increase in line with an assumed rate of inflation of 3% in the 2023/24 financial year.

The banded funding allocation reflects costs incurred beyond the Element 2 funding allocation of £6,000. Due to this figure remaining constant for a number of years, the allocations for each banding will actually increase by greater than 3% with the highest percentage increases applying to the lower banding allocations. The new rates of funding are detailed below; these rates will apply across all settings in receipt of top-up funding.

	Funding Rates 2022-23	Funding Rates 2023-24 (including 3% inflationary increase)
Band 3	£0	£0
Band 4	£1,580	£1,810
Band 5	£3,690	£3,990
Band 6	£5,420	£5,770
Band 7	£8,380	£8,820
Band 8	£10,040	£10,530
Band 9	£14,010	£14,620
Band 10	£20,000*	£20,000*

**actual allocations dependent on Band 10 panel evaluation

- 4.4 Executive approval was also provided to increase the factor elements within the Special Schools Contextual Funding by the assumed inflationary increase of 3% for the 2023/24 financial year.
- 4.5 Special school funding statements have been prepared and shared with North Yorkshire special schools on the basis of the adoption of the proposals above, alongside accompanying guidance on how the formula allocations have been determined, and incorporating the assessment of the commissioned places for the 2023-24 academic year.

5.0 PUPIL REFERRAL SERVICE

- 5.1 The Pupil Referral Service / Alternative Provision budget for 2023-24 has been constructed on the basis that planned commissioned places at all settings will be at the same level of local authority commissioned places in the 2023-24 academic year as in the 2022-23 academic year (i.e. 168 places). Top-up funding allocations (Element 3 funding) and preventative place funding allocations will be increased in line with the inflationary uplift described in Section 4 above.
- 5.2 The Local Authority has maintained the number of preventative places for the 2023/24 academic year at the same level as in the 2022/23 academic year. The uptake of these preventative places does vary between establishments and whilst some establishments have made significant positive progress in increasing the number of young people through this route, that position is not universal. Therefore, the Inclusion Team will be undertaking a review of the position during the Summer term to inform the commissioning of these places for the 2024/25 academic year.

6.0 FURTHER DEVELOPMENT WORK

- 6.1 The overall financial position on the High Needs budget is such that the local authority needs to continue to work to identify potential efficiency improvements and opportunities to support young people more cost effectively, which will compliment the initiatives already in place within the SEN Strategic Plan. The local authority is committed to working collaboratively with school leaders to both identify and research such opportunities, as evidenced in the support for locality boards as a vehicle to explore local solutions to issues forming a barrier to improving outcomes, and through the work of the Schools Forum High Needs Sub-Group.
- 6.2 The local authority has been invited to participate in the Delivering Better Value (DBV) programme being co-ordinated by the DfE. The local authority is actively engaging with the opportunity to work towards developing a sustainable high needs budget, with the benefit of DfE delivery partners. North Yorkshire has been assigned to Tranche 3 (the latest tranche to start) of the 55 authorities in the DBV programme. Whilst it is expected that the work with the DfE will commence in earnest in Summer 2023, the local authority is already seeking to utilise the research findings from other local authorities and DfE guidance material in enhancing the efficiency and effectiveness of the high needs system in North Yorkshire.
- 6.3 The local authority is currently analysing the detail of the DfE “SEND and alternative provision improvement plan: right support, right place, right time” ([Special Educational Needs and Disabilities \(SEND\) and Alternative Provision \(AP\) Improvement Plan \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1144447/special-educational-needs-and-disabilities-send-and-alternative-provision-ap-improvement-plan.pdf)) published on 2nd March 2023. Further updates on the implementation of the Plan and the resultant impact on SEND provision and developments within North Yorkshire will be provided to the Forum over forthcoming months.
- 6.4 The DfE confirmed on the 2nd March 2023 that the local authority has been successful in its application for a new Special Free School in Northallerton designated to support pupils with social, emotional and mental health additional needs.

7.0 RECOMMENDATIONS

- 7.1 Schools Forum are asked:
- (i) to note the contents of this report;
 - (ii) to note the financial position;

STUART CARLTON
Corporate Director – Children and Young People’s Service