



## NORTH YORKSHIRE SCHOOLS FORUM

<b>Date of meeting:</b>	Thursday, 17 March 2022
<b>Title of report:</b>	<b>High Needs Block 2022-23</b>
<b>Type of report:</b> Delete as required	For information only
<b>Executive summary:</b> Including reason for submission	The report outlines the expected budget for the High Needs Block in 2022-23, how this compares to an anticipated in-year cash allocation of £64.5m (incl. £2.63m Supplementary Funding) and the extent of the anticipated financial pressure.
<b>Budget / Risk implications:</b>	There is a projected accumulated deficit as at 31 <sup>st</sup> March 2022 of £9.7m and a projected in-year deficit in 2022-23 of c.£1.2m which would result in an accumulated deficit as at 31 <sup>st</sup> March 2023 of £10.9m.
<b>Recommendations:</b>	Schools Forum are asked to note the contents of the report.
<b>Voting requirements:</b>	None
<b>Appendices:</b> To be attached	None
<b>Report originator and contact details:</b>	Howard Emmett, Assistant Director – Strategic Resources (howard.emmett@northyorks.gov.uk)
<b>Presenting officer:</b> If not the originator	

1.0 PURPOSE OF THE REPORT

1.1 This report summarises the expected budget for the High Needs Block in 2022-23 and outlines the extent of the anticipated financial pressure. It also provides a summary of a number of proposed changes to the budget.

2.0 HIGH NEEDS BLOCK FUNDING

2.1 The anticipated overall High Needs Block allocation available for North Yorkshire in 2022-23 is £68.67m, plus £2.63m of Supplementary Funding that has been allocated following the Spending Review. 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 2022/23 will be finalised by the DfE in early Summer 2022). The total deductions amount to an estimated £6.79m resulting in a net funding allocation to the local authority of £64.51m. This compares to a final cash allocation for 2021-22 of £56.9m – an increase of £7.6m. The final High Needs Block figure will not be known until June 2022 following confirmation of the import/export adjustment. Table 1 summarises the anticipated funding position.

Table 1: HNB Funding Position

	2021-22	2022-23	Variance
	£m	£m	£m
HNB allocation	62.161	68.670	6.509
Supplementary Allocation		2.630	2.630
	<b>62.161</b>	<b>71.300</b>	<b>9.139</b>
ESFA Deductions	(5.292)*	(6.791)*	(1.499)
<b>North Yorkshire LA allocation</b>	<b>56.869</b>	<b>64.509</b>	<b>7.640</b>

\* These figures are the LA's prediction.

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 2022-23 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 DfE have allocated an additional £325m to high needs funding in 2022/23 on top of the DSG high need block allocations to provide support for the costs of the Health & Social Care Levy and wider cost pressures. NYCC will receive an additional funding allocation of £2.63m. The DfE have stated that special schools and alternative provision will not receive allocations from this funding using the national methodology implemented for mainstream schools. Whilst the DfE have provided some national guidance on the use of the additional high needs funding allocations, it appears that individual local authorities will need to consider the deployment of the funding in terms of balancing the additional pressures within

settings and addressing the funding shortfall within the High Needs Block. The local authority is currently considering how this funding is to be utilised within North Yorkshire.

### 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 2022-23 is outlined in Table 2 below:

Table 2: High Needs Budget

	<b>2022-23</b>
	£k
High Needs Commissioning	59,557
Alternative Provision	1,678
Inclusion	1,469
Hubs & SEN Provision	2,493
AD - Inclusion	39
Financial Support	54
DSG Overheads	420
<b>Estimated Spending</b>	<b>65,710</b>
<b>Estimated Funding</b>	<b>64,509</b>
<b>Estimated In-year Deficit</b>	<b>1,201</b>
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<b>Projected In-year Deficit</b>	<b>1,201</b>
<b>Projected Accumulated Deficit B/f</b>	<b>9,671</b>
<b>Projected Accumulated Deficit C/f</b>	<b>10,872</b>

- 3.2 In total, anticipated expenditure in 2022/23 amounts to £65.7m with a provisional projected shortfall of £1.2m. This includes provision for additional demand arising from disrupted education during the covid-19 pandemic. 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 2022-23 High Needs Commissioning budget supports approximately 4,051 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 508 children and young people financially supported through EHCPs in 2022-23 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 £59,557k 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 2022-23

	£k	%
North Yorkshire Special Schools	21,613	36.3
North Yorkshire Mainstream School E3 Top-up Funding	9,119	15.3
Independent and Non-maintained Special Schools	10,799	18.1
Special Provision Institutions	2,814	4.7
Other Local Authority provision	2,725	4.6
Pooled Budget	2,931	4.9
FE Colleges	2,161	3.6
Personalised Learning Pathways	1,724	2.9
ILP's	644	1.1
Early Years	919	1.6
Targeted Mainstream Provision	1,001	1.7
PRU's	2,881	4.8
Other	225	0.4
<b>Total</b>	<b>59,557</b>	<b>100</b>

- 3.5 51.6% of the High Needs Commissioning is spent directly with schools and academies in North Yorkshire, with nearly two-fifths 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, £10,799k is spent on approximately 200 places in independent and non-maintained special schools. This represents just over 18% 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 2021-22. 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 2022-23 was agreed by Executive on 11 January 2022, taking into account the following specific aspects of the budget allocations :-
- The inflationary uplift factors applied to banding allocations (for top-up funding) and Contextual funding;
  - The specific operation of the Minimum Funding Guarantee (MFG) in the Special school sector
- 4.2 The position adopted for 2022-23 was informed by a consultation exercise undertaken with the Special school sector between 22 September and 22 October 2021, which specifically considered the setting of the MFG rate for 2022-23. The outcome of the consultation exercise was reported to the November meeting of the Schools Forum, which was supportive of the local authority's proposals to set the MFG at 2% for the sector for the 2022-23 financial year. The consultation outcome, and associated recommendations, was reported to CYPs Executive Members on 7 December 2021. The proposals were subsequently endorsed by the County Council Executive on 11 January, 2022.

- 4.3 The County Council Executive confirmed approval for Banded Funding allocations to increase in line with an assumed rate of inflation of 2% in the 2022/23 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 the eighth year in a row, the allocations for each banding will actually increase by greater than 2% 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 2021-22	Funding Rates 2022- 23 (including 2% inflationary increase)
Band 3	£0	£0
Band 4	£1,430	£1,580
Band 5	£3,500	£3,690
Band 6	£5,190	£5,420
Band 7	£8,090	£8,380
Band 8	£9,720	£10,040
Band 9	£13,610	£14,010
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 2% for the 2022/23 financial year.
- 4.5 Indicative 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 2022-23 academic year. Final Special school funding statements will be issued by mid March 2022.

## 5.0 PUPIL REFERRAL SERVICE

- 5.1 The Pupil Referral Service / Alternative Provision budget for 2022-23 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 2022-23 academic year as in the 2021-22 academic year (i.e. 158 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 2022/23 academic year at the same level as in the 2021/22 academic year. Whilst to date for the current academic year the take-up of places has generally been significantly lower than the planned places, the challenges of developing this offer during the Covid pandemic period are acknowledged. However, where numbers remain significantly below the number of planned places through the 2022/23 academic year, there is the potential that the LA will reduce the number of preventative places commissioned places for future years.

## 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 In 2020-21, the DfE introduced the 'safety valve' intervention programme for those local authorities with the very highest percentage DSG deficits, to support these authorities to address the financial deficits. This support included providing the authorities with additional funding over time to contribute to their historic deficits, contingent on delivery of the reforms. The DfE have expanded the 'safety valve' intervention programme to other local authorities during 2021-22 and it will be extended further in 2022-23, with the programme being reshaped as "Delivering Better Value in SEND Support Programme". The programme continues to target those local authorities with the most substantial DSG deficits, on an iterative basis. North Yorkshire has been identified as one of 55 local authorities to receive intervention through the programme in the 2022/23 financial year. The programme will see North Yorkshire receive support, in the form of project management and change management capacity to develop a three year transformational programme, with the DfE providing grants directly to North Yorkshire to enable the local authority to implement and embed reforms, with ongoing support and challenge by DfE officials.

## 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  
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Report Prepared by Howard Emmett, Assistant Director, Strategic Resources