



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday, 21 September 2023
Title of report:	High Needs Budget Update
Type of report: Delete as required	For discussion / information
Executive summary: Including reason for submission	This report provides an update on issues relevant to the development of the High Needs Budget for 2024-25, including the determination of Special School budgets
Budget / Risk implications:	
Recommendations:	Schools Forum is invited to note the information contained within this report and identify any issues for further discussion within the High Needs Sub-Group.
Voting requirements:	None
Appendices: To be attached	
Report originator and contact details:	Martin Surtees (martin.surtees@northyorks.gov.uk)
Presenting officer: If not the originator	Howard Emmett

1.0 PURPOSE OF THE REPORT

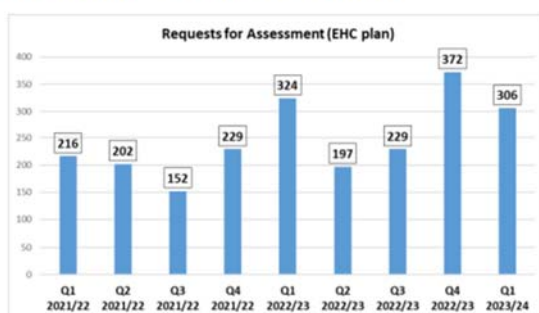
- 1.1 This report provides the Schools Forum with an overview of issues that will be relevant in setting the High Needs Budget for the 2024-25 financial year, including the implications for Special Schools and alternative provision.

2.0 BACKGROUND

Identification of SEN in North Yorkshire schools

- 2.1 Rates of children and young people assessed as requiring an Education, Health and Care plan (EHC plan) in North Yorkshire primary and secondary schools have increased at a higher rate than has been seen nationally and as of the most recent nationally released data (DfE, 2023), a slightly higher proportion of children in secondary schools in the county have an EHC plan. This follows rates of EHC plans in secondary schools being well below national rates in previous years. Similarly, children recorded as receiving SEN Support in schools has been increasing in previous years. Rates in primary schools are now very similar to national rates and in secondary schools they are slightly below.
- 2.2 The rise in new EHC plans being issued by North Yorkshire Council is a consequence of an increasing demand for assessments seen during the course of the previous year and this demand appears to be continuing into the new year. There was a large spike in requests received as we approached the end of the last financial year, a total of 372 requests were received in Q4 of 2022/23, a higher total than any previous year. Totals for Q1 2023/24 (n=306) appear to be similar to the high level witnessed last year.

Requests for Assessment - Education, Health and Care (EHC Plans)



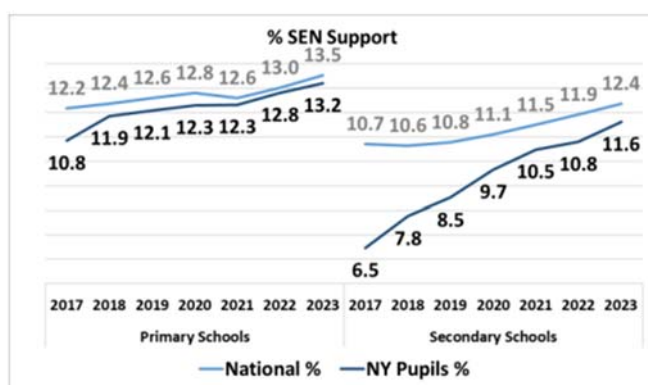
- 2.3 A total of 1,123 requests for statutory EHC plan assessment were received during the 2022/23 financial year, a 40% increase (+323) on the number received in 2021/22. Based on current data, this upward trajectory is now a sustained trend.
- 2.4 The number of EHC plans being issued within a 20 week period has improved considerably on previous years, although levels of performance reached before the

pandemic are yet to be achieved. 59.5% of new EHC plans issued in Quarter 1 of 2023/24 were issued within 20 weeks, this is a considerable improvement on 22.6% achieved in the same period last year. Timeliness was particularly high in June when 72% were issued on time.

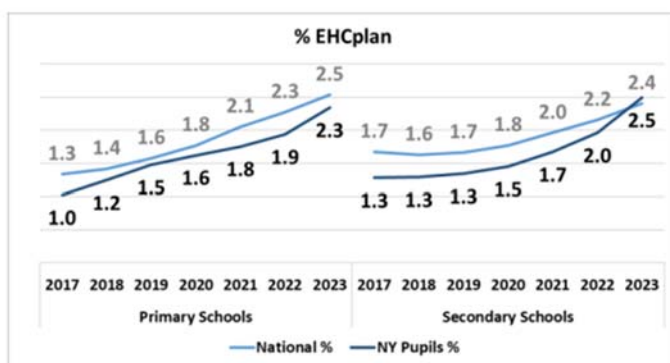
- 2.5 The improvement in timeliness has been achieved despite a sustained upturn in requests for, and production of, EHC plans. 200 new EHC plans were issued in Q1 2023/24 by North Yorkshire Council, this is a 44% (n=+61) increase on the same period of 2020/21 when 139 were produced. Levels of timeliness pre-pandemic in North Yorkshire were typically well above national rates, for example 90.4% issued on time during 2019, compared to 58.7% nationally. However, timeliness dropped during the pandemic which also coincided with a considerable challenge of recruitment of Educational Psychologists, whose advice is a key component in the production of an Education, Health and Care plan. North Yorkshire Council's approach to the challenge has involved the contracting of agencies in addressing a backlog in receiving advice from Educational Psychologist services.
- 2.6 The most recently available national data reported an average timeliness of 49% from 102 of 152 Local Authorities surveyed during the Quarter 4 period of 2022/23, the North Yorkshire rate is now well above this.

Special Needs in Schools

- 2.7 The rate of children recorded as receiving SEN Support in schools in North Yorkshire has been below that of national rates. We have, however, seen increases over the past few years and as of the January 2023 school census, rates in primary schools and secondary schools are similar to national rates. The rate of children having SEN Support in North Yorkshire primary schools of 13.2% in January 2023 was very similar to the national rate of 13.5%, increasing from the 12.8% in 2022. The percentage of SEN Support in secondary schools has increased at a much greater rate in North Yorkshire than is the case nationally. The rate in January 2022 was 10.8% in North Yorkshire and 11.9% in England. The North Yorkshire rate has risen to 11.6% in 2023, just below the 12.4% reported nationally.

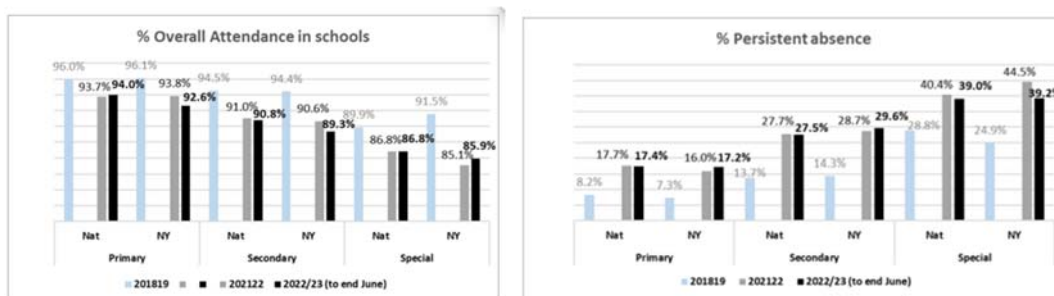


- 2.8 Similar to SEN Support rates, rates of EHC plans in North Yorkshire mainstream schools have been below national rates. However, increases seen in the past few years have now placed North Yorkshire on a par with the national picture. 2.3% of children in North Yorkshire primary schools are now (January 2023 school census) recorded with an EHC plan, just below the 2.5% reported nationally in January 2023. 2.5% of children in North Yorkshire secondary schools are now (January 2023 school census) recorded with an EHC plan, now higher than the 2.4% reported nationally.



Attendance

- 2.9 Whilst the academic year is yet to finish, it is clear that attendance of children and young people in school has yet to recover from the Covid pandemic. Provisional nationally available data is showing that attendance towards the end of the 2022/23 academic year is lower than attendance levels seen in 2018/19. In North Yorkshire, so far in 2022/23, the overall attendance rate in primary schools was 92.6% (national: 94.0%), compared to 96.1% (national: 96.0%) in the full 2018/19 academic year. In North Yorkshire secondary schools the 2022/23 rate has been 89.3% (national: 90.8%) compared to 94.4% (national: 94.5%) in the full 2018/19 academic year.
- 2.10 Attendance in special schools in North Yorkshire has also dropped significantly since pre-pandemic rates, dropping to 85.9% compared to 91.5% in 2018/19, similar to the drop witnessed nationally. Compared to pre-pandemic levels of attendance in 2018/19, there is some way to go before attendance is similar across all phases of education.



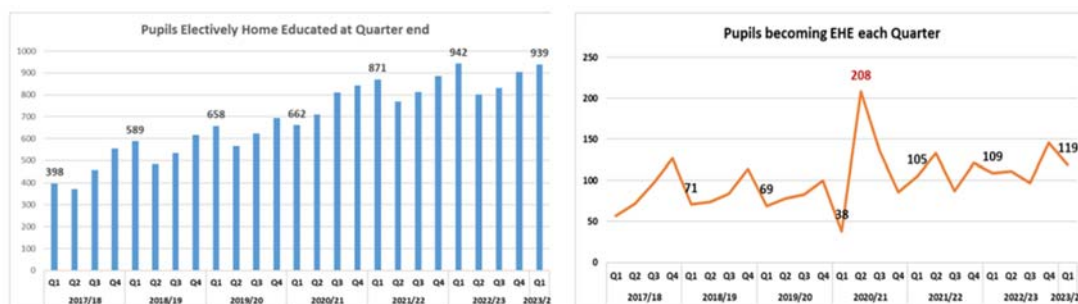
- 2.11 Children persistently absent have levels of attendance equal to or less than 90%. Rates of persistent absence into 2022/23 appear to be in line with rates witnessed in 2021/22 but again there is a significant difference to pre-pandemic rates. In 2018/19, 7.3% of children in North Yorkshire primary schools were persistently absent, rising to 16.0% by 2021/22. In North Yorkshire secondary schools the rise in this period was 14.3% to 28.7%. These increases have been very similar to what has been witnessed nationally.
- 2.12 Persistent absence in special schools has increased significantly compared to pre-pandemic rates. In North Yorkshire, the rise has been from 24.9% in 2018/19 to 44.5% in 2021/22, although this appears to have dropped marginally to just below 40% in 2022/23 to date. Current rates of persistent absence in special schools (39.2%) appear to be very similar to nationally reported rates (39.0%).

Schools' suspensions and exclusions numbers

- 2.13 The upward trend in children being excluded from schools has continued into the end of the academic year. This is the case for temporary suspensions and permanent exclusions and indicates a return to rates of exclusion seen before the pandemic. Over the course of the 2022/23 academic year to date a total of 6,509 suspensions have been received by pupils in North Yorkshire primary and secondary schools, an increase from 4,608 seen in the same period of 2021/22. A total of 92 pupils have been permanently excluded this academic year to date, an increase from 47 seen in the same period last year. This high number of exclusions includes 17 children permanently excluded from primary schools, the highest number seen in the past five years.
- 2.14 It is worth noting that recently published national data (up to Spring Term 2021/22) highlights that significant increases are being seen in the rate of suspension nationally and regionally, indicating the rise experienced in North Yorkshire is part of a wider national trend in turn likely reflective of the lasting impact of the pandemic.

Elective Home Education

- 2.15 The number of children recorded as being Electively Home Educated (EHE) in North Yorkshire is gradually increasing following a sharp increase during the Covid pandemic. By the end of Q1 of 2023/24 there were a total of 939 children recorded as being EHE in North Yorkshire an increase of 7.8% (n= +68) on the same point of 2021/22 and very similar to the same point last year (942). The highest increase was seen between Q1 of 2020/21 and Q1 of 2021/22, when we witnessed a 31.6% (n= +209) increase during that phase of the pandemic. The increased levels of children being home educated appear to be continuing.



- 2.16 Whilst the number of pupils Electively Home Educated remains high compared to the pre-pandemic figures, the total number of children becoming EHE has seen little variation in the past two years. During Quarter 1 of 2023/24, 119 children became EHE, compared to 109 in Q1 of 2022/23. At the high point, 208 children became EHE, in Q2 of 2020/21. At the end of Q1 2023/24, approximately 1% of the mainstream school population in North Yorkshire are EHE, this is very similar to the most recent National rates available (DFE, Spring 2023). National statistics have not previously been collected and released by the Department for Education, however, the first such survey of local authorities began in October of last year.

3.0 UPDATE ON THE DELIVERING BETTER VALUE (DBV) IN SEND PROGRAMME

- 3.1 The local authority is engaging with the Department for Education's Delivering Better Value (DBV) in SEND programme – one of 55 local authorities to do so. DfE have commissioned CIPFA¹ and Newton Europe to lead the programme. We have developed “unmitigated forecasts” i.e. an assessment of the medium-term projected budget position if the current trends were to be sustained.
- 3.2 The local authority will also submit a list of existing mitigating actions i.e. plans already underway that are intended to reduce the future pressure on the high needs budget. The two main initiatives identified are:
- a) the impact of the SEND capital programme – including investment of £20.5 million which aims to deliver an additional 400 specialist places, and;
 - b) the financial and systems benefits of reinvigorating and accelerating the Targeted Mainstream Provision expansion programme
- 3.3 From October 2023, the DBV programme will use data analyses already undertaken to inform the identification of further opportunities to achieve a sustainable High Needs Budget. This will also be informed by case study workshops and stakeholder surveys which are scheduled to take place during the early part of the Autumn term.

Case study workshops – through a series of workshop sessions, 50 case studies will be reviewed in detail. Sessions have been organised to take place in Scarborough, Selby and Harrogate. Stakeholders with a wide range of interests/ perspectives (including school leaders and SENCOs) have been invited to ensure that we can utilise these sessions to explore whether there were alternative approaches that could have supported young people more effectively. The case studies selected will be reflective of key themes identified by Newton from an initial review of North Yorkshire's finance and operational data.

Surveys - surveys were recently circulated to educational establishments and parents and carers. It is desirable that response rates are maximised as it is hoped that the responses will provide valuable insights - and a basis of comparing experiences of the North Yorkshire SEND system with other local authorities in the DBV in SEND programme.

- 3.4 The DBV in SEND programme aims to provide insights that will shape the High Needs Budget in the future. We are also anticipating that it should enable the local authority to access up to £1 million of support to deliver a transformation programme that supports reaching a sustainably budget position.

4.0 HIGH NEEDS BUDGET

- 4.1 Independently of the DBV in SEND programme discussions, the local authority has been working on developing a five-year budget model. The model will be refined and some of the key assumptions will be refined during September 2023, taking into account feedback from Newton Europe and CIPFA.

¹ Chartered Institute for Public Finance and Accountancy

- 4.2 Current service trend data shows demand continuing to rise and, if left unchecked, will continue to place significant financial pressures on the high needs budget. Provisional estimates for the financial year 2023-24 indicate that there will be an in-year financial pressure of c.£3m. This will increase the accumulated high needs block deficit position to c.£13m by March 2024.
- 4.3 Two meetings have been scheduled with the High Needs Funding Sub-Group during Autumn term for October 5th and November 16th to discuss the High Needs Budget and DBV programme in more detail.
- 4.4 It should also be noted that a consultation has been launched on the 2024/25 Code of Practice on Local Authority Financial Reporting in the United Kingdom². CIPFA and CIPFA/LASAAC are of the view that significant steps should be taken by local authorities to anticipate the end to the regulations on DSG and General Fund balances ringfencing. Planning for the end of the regulations should feature in any medium-term financial plans. CIPFA and CIPFA/LASAAC are also of the view that section 151 officers would need to consider the resource implications and risks to their position regarding the use of the DSG adjustment account in their reports on the robustness of estimates under Section 25 of the Local Government Act 2003. In practical terms, this may well increase the pressure on local authorities to ensure that action plans/ spending reductions that address potential high needs deficits are put in place.
- 4.5 Taking into account the above direction of travel, the local authority will increasingly have to evaluate whether it can take spending decisions that could exacerbate the level of high needs budget deficit (e.g. the extent to which Element 3 top-up funding may be increased for the 2024/25 financial year).
- 5.0 IMPLICATIONS OF DFE HIGH NEEDS GUIDANCE 2024/25
- 5.1 The DfE issued “High Needs funding: 2024-25 Operational Guidance” in August 2023. The key changes include:
- An update regarding the overall national High Needs funding settlements for 2024-25
 - A link is provided to the updated Notional SEN guidance (see the agenda items for Notional SEN funding 2024-25 and Mainstream school funding 2024-25)
 - Specific prescription regarding Special Schools Minimum Funding Guarantee (MFG)
 - Update regarding the additional funding made available in the 2023-24 funding settlement
- 5.2 The guidance sets out that High Needs funding is increasing by £440 million, or 4.3%, in 2024 to 2025, compared to the High Needs funding allocations for 2023 to 2024 – with the baseline for 2023-24 incorporating the additional resources that were made available in 2023-24 (which amounted to £3.2 million for North Yorkshire). The paper sets out that the formula allocation methodology has not been reformed and remains broadly as was the case in 2023-24. This means that the deployment of a historic funding factor – which allocates 27% of the national quantum on the basis of the level of spending in each authority in the 2013-14 financial year remains intact.

² <https://www.cipfa.org/policy-and-guidance/consultations/20242025-code-of-practice>

- 5.3 Analysis of the provisional settlement for 2024-25 is that North Yorkshire will receive a cash allocation of £81.689 million³. This represents a c. 5% increase on North Yorkshire's equivalent baseline figure for 2023-24. The formula methodology operates a system of floors and ceilings, so that no authority can gain more than 5% on its 2023-24 baseline and no authority can gain less than 3%. North Yorkshire is impacted by the ceiling and would have gained an additional £369k if the ceiling arrangement was not operating.
- 5.4 The High Needs DSG represents a funding allocation of £732 per young person aged 2-18, which ranks 145th out of 151 English local authorities

Special Schools Minimum Funding Guarantee

- 5.5 The operational guidance sets out the following parameters for local authorities to determine where to set the minimum funding guarantee for Special schools. These rates contrast with the provision in 2023-24 which was that all special schools should receive a minimum increase of +3.5% across the two years 2022-23 and 2023-24.
- 5.6 For 2024 to 2025, the rate must be set at least 0% and local authorities must consider setting the MFG within a 0% to 0.5% range. Updated guidance on this change and the process for local authorities to exceptionally submit a disapplication request is detailed in [annex 1: special schools minimum funding guarantee](#). Given that the range is tightly prescribed by the DfE, the local authority plans to consult with special schools and special academies in relation to the options of either a 0% MFG or a +0.5% MFG. This is equivalent to our approach to the MFG consultation for mainstream schools.

Additional Funding received in 2023/24

- 5.7 Special schools and alternative provision settings received additional funding in 2023-24 as a result of both the DfE decision to allocate additional funding (£3.2 million in the case of North Yorkshire for 2023-24) and the DfE prescription that an increase of +3.4% per pupil had to be assigned to Special schools and AP settings.
- 5.8 The High Needs operational guidance 2024-25 prescribes that this arrangement will effectively continue in 2024-25; settings will continue to receive a distinct additional allocation and Annex 2 of the guidance stipulates how the sums allocated in 2023-24 are to be "updated" for 2024-25. However, for strategic financial planning purposes, special school and AP settings can assume that this resource will continue to be allocated for 2024-25.

6.0 RESIDENTIAL TRANSITIONAL FUNDING

- 6.1 The funding position for the two residential special schools⁴ in North Yorkshire have been reviewed as both schools have been operating with much smaller residential cohorts than has been the case in previous years. Both schools have operated a hybrid model of some pupils attending on a day basis and some pupils being

³ The published figure for the High Needs DSG is higher than the figure reported for budget management purposes because it includes a number of recoupment adjustments administered by the ESFA (Education Skills and Funding Agency) which are deducted at source and are not part of the resources available to the authority to manage (e.g. place funding components for Academy Special schools which are directly funded by the ESFA).

⁴ Welburn Hall School and 6th Form and Brompton Hall

supported in residential placements which operate on a five day basis during term time. Previously, both schools have operated with residential pupil rolls of c. 25 to 30 pupils.

- 6.2 In the case of Brompton Hall School, the local authority review of residential provision in 2021 recommended that residential provision should be discontinued at the school, and following extensive public consultation in Autumn 2021 and Spring 2022, that proposal has been implemented. The transition in the residential offer has been unaffected by Brompton Hall school becoming part of the Venn Multi Academy Trust in February 2023. Pupil numbers in residential provision had been deteriorating significantly in recent years and, with the avoidance of new placements at the school, the school has been operating with six young people in residential provision during the 2022-23 academic year. This is forecast to reduce to four pupils for the 2023-24 academic year before residential provision closes in Summer 2024.
- 6.3 In the case of Welburn Hall, the residential review from 2021 placed the school on a different trajectory. The review concluded that there was a strong case for residential provision being continued at the school but that, in future, the placements would be allocated to those children with a more complex range of needs, across the schools age range, and who have a professionally assessed requirement for residential care. This trajectory would have led through time to a reduction in the number of residential pupils – and the review estimated that when the transitional period of existing residential placements had concluded that the school would have a residential pupil population of approximately 12 pupils – but that the school would have accessed increased unit funding rates of between £70k and £90k per place for these placements due to the increased complexity of needs being supported.
- 6.4 Since that review in June 2021, the position at Welburn Hall has been complicated by the identification of major building challenges at the school, as reported to North Yorkshire Council's Executive in December 2022. During the 2022-23 academic year, the school has been operating with a residential pupil roll of 11 places (pending residential provision being paused from Summer 2023 for two years).
- 6.5 The particular challenges to the two schools of residential provision only supporting small numbers of pupils are that:
- a) staffing structures need to ensure that there are basic ratios in place and these become less cost efficient for smaller numbers of pupils on roll, and;
 - b) both schools incur significant premises costs associated with their residential provision and these are only variable to a very limited degree.
- 6.6 The residential operation at both schools has been funded on the basis of a standard unit funding rate per pupil on roll occupying a residential place. The rate for the current financial year (2023/24) is £19,938. The two schools are funded on the basis of a monthly count of pupils on roll – and both schools have been vulnerable to funding not being guaranteed for their residential provision.
- 6.7 All funding for residential provision is met from the High Needs budget. There is very limited prescription within the High Needs funding operational guidance as to the funding arrangements that local authorities should make for residential provision. Consideration has, therefore, been given to providing residential “transitional” funding and has been calculated at:
- £257,900 for Welburn Hall for the 2022/23 academic year, and;
 - £126,300 in respect of Brompton Hall for the 2022/23 academic year

- 6.8 This particular proposal is considered time limited – with the pausing of residential provision at Welburn Hall from September 2023 and the ceasing of commissioned residential places at Brompton Hall from September 2024. If residential provision is commissioned again at Welburn Hall from September 2025 it is proposed that a specific commissioning discussion will need to take place and that previous funding arrangements will no longer be relevant.

7.0 RECOMMENDATIONS

- 7.1 The North Yorkshire Schools Forum is asked:
- i. To note and comment on the SEN background information and potential impact on the high needs budget
 - ii. To note the update on the Delivering Better Value in SEND programme
 - iii. To note the proposals around residential transitional funding

STUART CARLTON

Corporate Director – Children and Young People's Services