**Report to Hartlepool Schools’ Forum 14 July 2020**

**From Danielle Swainston (Assistant Director – Joint Commissioning)**

**Item 10: High Needs Block Outturn 2019/20**

1. **Introduction**
   1. The purpose of the report is to confirm the final 2019/20 outturn for high needs services.
2. **Background**
   1. Financial pressures affecting the provision of services for Special Educational Needs and Disabilities (SEND) have been reported to Schools’ Forum at regular intervals during 2019/20.
   2. Under disapplication, the authority transferred £0.621m from the Schools Block to the High Needs Block in 2019/20 to support the projected funding shortfall.
   3. The latest projection presented to Schools’ Forum estimated a year-end overspend (after the £0.621m transfer) of £0.532m (best case), £0.739m (mid-case) and £0.972m (worse-case).

**3. 2019/20 Outturn**

4.1 The final outturn for 2019/20 is an overspend of **£0.521m**. This is summarised by each area of spend in the table below. The paragraphs that follow explain the main changes in the final outturn from the last update.

|  |  |  |  |
| --- | --- | --- | --- |
| High Needs Outturn 2019/20 | Revised Budget 2019/20  £m | Final Outturn 2019/20  £m | Final  Variance 2019/20  £m |
| LA place funding | 1.426 | 1.441 | 0.015 |
| Independent school fees | 2.460 | 2.226 | (0.234) |
| Out of authority top-ups | 0.405 | 0.314 | (0.091) |
| Exclusions | 0.000 | (0.029) | (0.029) |
| Pupil Referral Unit | 0.132 | 0.484 | 0.352 |
| Top-up funding and support | 4.135 | 4.374 | 0.239 |
| Post-16 top-up funding | 0.720 | 0.821 | 0.101 |
| Support services | 0.467 | 0.467 | - |
| Total Outturn  (before funding changes) | 9.745 | 10.098 | 0.353 |
| Import / export adjustment | 0.000 | 0.168 | 0.168 |
| Final position 2019/20 | 9.745 | 10.266 | 0.521 |

4.1 Local authority place funding (on budget).The final outturn was in line with the reported projection.

4.2 Independent school fees (£0.234m underspend)

The final outturn position improved from the previously reported mid-case overspend projection of £0.035m. Although a greater number of SEND pupils were placed in Independent School provision than assumed in our budget, the average cost per pupil across the whole of the year was significantly lower than anticipated.

The 2019/20 budget was predicated on 50 placements at an average cost of £49k per place. During the whole of 2019/20, there were 57 children placed in independent schools at an average cost of £39k per place. Sixteen of the 57 children were new commitments that started during the 2019/20 financial year. Twelve children left placements during 2019/20.

The previously reported mid-case outturn projection included an estimated cost for potential new placements expected to start before 31 March 2020, along with potential placement cost increases at an estimated total cost of £0.129m. Of these potential costs, £0.026m did not materialise before year-end.

4.3 Out of authority top-ups (£0.091m underspend)

The final outturn was in line with the previously reported projection of £0.095m underspend (mid-case).

4.4 Exclusions (£0.029m underspend)

This budget head funds the cost of alternative provision for permanently excluded pupils and receives income from AWPU clawback from schools for those pupils that are permanently excluded. The final outturn was an improved position from the projected mid-case overspend. Income from AWPU clawback linked to permanent exclusions was £0.043m higher than anticipated. Unbudgeted income was received in the final quarter for pupil premium, teacher’s pension grant and universal free school meals grant amounting to £0.030m.

4.5 Pupil Referral Unit (PRU) (£0.352m overspend)

Required high needs funding for the PRU (place funding and top-up) was £0.078m lower than projected previously. The PRU was able to generate additional income from grant and from Home Hospital recharges than expected requiring less support from the high needs block to reach a break-even position.

4.6 Top-up funding and support (£0.239m overspend)

The final overspend was £0.054m higher than projected (mid-case). This relates primarily to additional top-up payments for SEND pupils above number at both Springwell and Catcote in the final quarter.

4.7 Post-16 top-up funding (£0.101m overspend)

The final outturn changed significantly from the mid-case projection of £0.093m underspend). As reported previously, this element of spend is difficult to predict as spending commitments are linked to student choice on whether to continue their education. The previous projection assumed a pro-rata spend in quarter 4, however, the actual spend in the final quarter was significantly higher than the average of quarters 1 to 3. Catcote received payments totalling £0.274m in the final quarter of 2019/20 to support post-16 pupils with SEND.

4.8 Support Services (nil variance)

The contribution from high needs to local authority support services was maintained at budget level, with inflationary increases being absorbed by the local authority.

4.9 The final overspend of £0.521m for 2019/20 has been funded from Dedicated Schools Grant (DSG) reserves. As a result, all reserve balances earmarked to support any High Needs Block deficit are depleted and show a deficit balance of £0.136m. As at 31 March 2020, there remains an overall positive balance on DSG reserves.

**5.** **Recommendations**

5.1 Forum is recommended to note the contents of the report.