**Report to Hartlepool Schools’ Forum 24 September 2020**

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**Item 7 : High Needs Block 2020/21 Estimated Outturn**

1. **Introduction**
   1. The purpose of the report is to outline the estimated 2020/21 outturn for high needs services.
   2. As in previous years, a range of estimates have been prepared to consider best-case, mid-case and worse-case positions.
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 each year.
   2. To support ongoing financial pressure on SEND services, Schools’ Forum agreed to transfer £0.329m from the Schools Block to the High Needs Block in 2020/21 to support the projected funding shortfall.
   3. The final outturn for 2019/20 was an overspend of £0.521m.
   4. Although overall Dedicated Schools Grant (DSG) reserves are positive, there is now a deficit on specific High Needs Block reserves of £0.136m that needs to be repaid.

**3. 2020/21 Funding**

3.1 The High Needs Block budget breakdown is shown in the following table. The budget includes the £0.329m transfer from the Schools Block.

3.2 High Needs Block funding is subject to change during the financial year for any updates to recoupment of place funding from academies and for the final import / export adjustment based on the January census. These changes are published in July each year. The table below represents our final allocation for 2020/21.

|  |  |
| --- | --- |
| High Needs Budget 2020/21 | £m |
| LA place funding | 1.486 |
| Independent school fees | 2.755 |
| Out of authority top-ups | 0.442 |
| Exclusions (including Pupil Referral Unit) | 0.605 |
| SEMH Free School | 0.063 |
| Top-up funding and support | 4.648 |
| Post-16 top-up funding | 0.720 |
| Support services | 0.467 |
| Total Budget(before funding changes) | 11.186 |
| Import / export adjustment | 0.042 |
| Recoupment update | (0.019) |
| Updated Budget 2020/21 | 11.209 |

3.3 The original High Needs Block allocation assumed a net export of 30 pupils with SEND at a cost of £6,000 per pupil. The update based on January 2020 census, reduced the net export to 23 pupils, increasing 2020/21 funding by £0.042m.

3.4 Recoupment of place funding from academies has increased by £0.019m to reflect the full year impact of occupied versus vacant places at the latest census, along with the full year impact of historic place changes.

3.5 These two funding adjustments increase the 2020/21 High Needs Block allocation by £0.023m.

**4. 2020/21 Outturn Estimate**

4.1 Using spending and projections from the first quarter of 2020/21, the mid-case estimated outturn for 2020/21 is an overspend of **£0.155m**. This is summarised by each area of spend in the table below. The paragraphs that follow explain the key variances to budget.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Worse Case | |  | Mid Case | |  | Best Case | |
| High Needs Expenditure 2020/21 | Projection  £m | Variance Over/(under) Spend  £m |  | Projection  £m | Variance  Over/(under) Spend  £m |  | Projection  £m | Variance Over/(under) Spend  £m |
| Place funding | 1.486 | - |  | 1.486 | - |  | 1.486 | - |
| Independent school fees | 2.983 | 0.228 |  | 2.905 | 0.150 |  | 2.835 | 0.080 |
| Out of Area top-ups | 0.432 | (0.010) |  | 0.382 | (0.060) |  | 0.382 | (0.060) |
| Top-up funding and support | 4.632 | (0.016) |  | 4.597 | (0.052) |  | 4.597 | (0.052) |
| Exclusions and PRU | 0.698 | 0.093 |  | 0.605 | - |  | 0.605 | - |
| SEMH Free School | 0.001 | (0.062) |  | 0.001 | (0.062) |  | 0.001 | (0.062) |
| Post-16 top-ups | 0.974 | 0.254 |  | 0.922 | 0.202 |  | 0.887 | 0.167 |
| Support services | 0.467 | - |  | 0.467 | - |  | 0.467 | - |
| Funding adjustment | (0.023) | (0.023) |  | (0.023) | (0.023) |  | (0.023) | (0.023) |
| Total projection | 11.650 | 0.464 |  | 11.342 | 0.155 |  | 11.230 | 0.043 |

4.2 Local authority place funding (on budget).The expected costs of place funding are in line with budget.

4.3 Independent school fees (£0.150m overspend mid-case)

Spending on independent school fees in 2019/20 amounted to £2.226m. The mid-case outturn position suggests growth of £0.679m for 2020/21. 18 new pupils with SEND have started at independent schools since the start of the new financial year, with 14 of these starting from September 2020. 11 of the 14 pupils starting in September are year 7 pupils.

The 2020/21 budget is predicated on 58 placements at an average cost of £47k per place. To illustrate the variability of costs, actual placement costs currently range from £3k to £138k depending on the circumstances and level of need for the individual child. At the current time, there are 60 pupils placed in independent provision at an average cost of £46k per place. However, prices are yet to be confirmed for a number of the new placements starting in September 2020 so are subject to change from our estimates.

The mid-case outturn projection includes an estimated cost of £0.075m for potential new placements or changes to the level of provision that are expected to start before 31 March 2020. The amount and timing of these potential costs is uncertain.

4.4 Out of authority top-ups (£0.060m underspend)

Spending on Out of Authority top-ups in 2019/20 amounted to £0.314m. The mid-case outturn position suggests growth of £0.068m for 2020/21. Based on experience in previous years, the mid-case forecast does not include further growth in the cost or demand of out of area placements. Capacity for out of area placements is extremely limited in the region currently.

4.5 Top-up funding and support (£0.052m underspend)

Although the mid-case forecast anticipates an underspend of £0.052m, the projected spend in 2020/21 would still be £0.223m higher than the final outturn for 2019/20.

The anticipated underspend is linked to lower than expected growth to date in funding for Individual Pupil Support. This is likely to be a direct impact of the Coronavirus pandemic.

The main reason for the growth in spending for top-up funding and support relates to the establishment of 2 additional ARPs. Firstly, a 6 place ARP for SEMH pupils is in operation at Catcote Academy. Secondly, a new 12 place unit for MLD pupils was opened in September 2020 as a joint operation between English Martyrs and Catcote Academies.

4.6 Exclusions and Pupil Referral Unit (PRU) (on budget)

This budget head funds the cost of alternative provision for permanently excluded pupils and the contribution to operational costs for the PRU from the High Needs Block. Offsetting income is recorded here from AWPU clawback from schools for those pupils that are permanently excluded. The PRU Head Teacher has recently taken over management of alternative provision placements and a new panel has been established to scrutinise and challenge placements and provision. The current mid-case assumption is that expenditure and income will be in line with budget, however, further analysis is underway to track excluded pupils and their associated costs and funding at a detailed level.

4.7 SEMH Free School (£0.062m underspend)

A budget was set in 2020/21 linked to the original start date for the SEMH Free School of January 2021. This budget will not be required in 2021/22.

4.8 Post-16 top-up funding (£0.202m overspend)

There is growing financial pressure on funding of education for pupils with SEND in further education. Spending in this area is extremely difficult to predict as it is dependent on the volume of young people with SEND choosing to continue their education beyond age 16, along with the particular course chosen.

Historically, this budget area has remained stable and within budget. However, spending in 2019/20 was over budget by £0.167m in 2019/20. There is significant growth predicted in the volume of pupils signed up for Hartlepool College of Further Education from September 2020, leading to an increased overspend projection of £0.202m for 2020/21.

4.9 Support Services (nil variance)

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

4.10 There is currently a reserves deficit relating to the High Needs Block of £0.136m. Should the mid-case projection presented in this report materialise, the deficit would increase as at 31 March 2021 to **£0.291m**.

4.11 Plans to repay the deficit must be considered as part of financial planning for 2021/22 and beyond.

**5.** **Recommendations**

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