**Report to Hartlepool Schools’ Forum 19 November 2020**

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**Item 4 : 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) are reported to Schools’ Forum at regular intervals each year.
   2. To support ongoing financial pressures 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 the High Needs Block reserve of £0.136m that needs to be repaid.

**3. 2020/21 Funding**

3.1 The final High Needs Block budget allocation for 2020/21 is **£11.209m**. This 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.

3.3 During this quarter, budgets have been realigned to bring together all funding relating the Horizon school and Alternative Provision into one budget category under the management of the Head Teacher. Prior to this realignment, the amounts funding the Horizon School were spread across a number of budget categories so this change will increase transparency of spend relating to excluded pupils.

**4. 2020/21 Outturn Estimate**

4.1 Using spending and projections from the first half of 2020/21, the mid-case estimated outturn for 2020/21 has reduced from an overspend of £0.155m to an overspend of **£0.037m**. This is summarised by each area of spend in the table below. The paragraphs that follow explain the key variances to budget using the mid-case projection.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 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 | 1.366 | - |  | 1.366 | - |  | 1.366 | - |
| Independent school fees | 2.939 | 0.184 |  | 2.905 | 0.150 |  | 2.755 | - |
| Out of Area top-ups | 0.437 | (0.005) |  | 0.417 | (0.025) |  | 0.397 | (0.045) |
| Top-up funding and support | 4.600 | (0.056) |  | 4.512 | (0.144) |  | 4.421 | (0.235) |
| Horizon School and AP | 0.745 | 0.028 |  | 0.745 | 0.028 |  | 0.745 | 0.028 |
| SEMH Free School | 0.001 | (0.062) |  | 0.001 | (0.062) |  | 0.001 | (0.062) |
| Post-16 top-ups | 0.833 | 0.113 |  | 0.833 | 0.113 |  | 0.714 | (0.006) |
| Support services | 0.467 | - |  | 0.467 | - |  | 0.467 | - |
| Funding adjustment |  | (0.023) |  |  | (0.023) |  |  | (0.023) |
| Total projection | 11.388 | 0.179 |  | 11.246 | 0.037 |  | 10.866 | (0.343) |

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)

The mid-case projection is in line with quarter 1.

The mid-case outturn projection includes an estimated cost of £0.070m for potential changes to the level of provision that may start before 31 March 2021. The amount and timing of these potential costs is uncertain. The mid-case projection also includes a provision of £0.080m in case prices yet to be confirmed are above current estimates.

4.4 Out of authority top-ups (£0.025m underspend)

Since the last projection, 3 children with SEND have moved into Hartlepool. Their existing out of area provision has been maintained, with responsibility for costs transferring. These changes have reduced the projected underspend by £0.035m.

4.5 Top-up funding and support (£0.144m underspend)

Changes to estimates for top-up payments (above number) to special schools have been reviewed based on payments agreed to the end of quarter 2.

Estimates for Individual Pupil Support have been reviewed and adjusted at the half year point. The mid-case projection includes successful panel outcomes amounting to a cost of £0.064m for the second half of the year.

These changes have increased the overall expected underspend by £0.092m.

4.6 Horizon School and Alternative Provision (£0.028m overspend)

Forum Members will recall that this area of spend was recently combined under the management of the Horizon School Head Teacher. Pending further analysis to track excluded pupils and their associated costs and funding at a detailed level, the previous outturn projection assumed spend would be in line with budget. Further work has taken place during this quarter and Forum Members are provided with a separate report on this same agenda to outline the current position and the estimated £0.028m overspend.

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. This position is unchanged from the quarter 1 update.

4.8 Post-16 top-up funding (£0.113m overspend)

Members will recall that 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.

However, having reviewed expenditure at the half-year point, the projected overspend has been reduced from £0.202m to £0.113m.

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 **£0.173m**.

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.