**Report to Hartlepool Schools’ Forum 2 February 2021**

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

**Item 6 : High Needs Block 2020/21 Estimated Outturn**

1. **Introduction**
   1. The purpose of the report is to provide the estimated 2020/21 outturn for high needs services.
   2. 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 High Needs Block final budget allocation for 2020/21 is **£11.209m**. This includes the £0.329m transfer from the Schools Block.

**4. 2020/21 Outturn Estimate**

4.1 Using spending and projections as at the end of December 2020, the mid-case estimated outturn for 2020/21 has improved from an overspend of £0.037m to an underspend of **£0.224m**.

4.2 The projected underspend reflects the significant increase in funding within the 2020/21 high needs block allocation (16%). Although the mid-case projection expects an underspend, estimated overall spending across the high needs block has increased by £0.997m from 2019/20.

4.3 The projections for 2020/21 are 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 | 2.808 | 0.053 |  | 2.791 | 0.036 |  | 2.721 | (0.034) |
| Out of Area top-ups | 0.422 | (0.020) |  | 0.402 | (0.040) |  | 0.382 | (0.060) |
| Top-up funding and support | 4.474 | (0.182) |  | 4.384 | (0.272) |  | 4.343 | (0.313) |
| Horizon School and AP | 0.735 | 0.018 |  | 0.735 | 0.018 |  | 0.735 | 0.018 |
| SEMH Free School | 0.001 | (0.062) |  | 0.001 | (0.062) |  | 0.001 | (0.062) |
| Post-16 top-ups | 0.864 | 0.144 |  | 0.839 | 0.119 |  | 0.809 | 0.089 |
| Support services | 0.467 | - |  | 0.467 | - |  | 0.467 | - |
| Funding adjustment |  | (0.023) |  |  | (0.023) |  |  | (0.023) |
| Total projection | 11.137 | (0.072) |  | 10.985 | (0.224) |  | 10.824 | (0.385) |

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

4.5 Independent school fees (£0.036m overspend)

The mid-case projection has improved by £0.114m from quarter 2. A number of prices have been confirmed below our estimates and there are now only 3 months remaining for potential new placements to start.

The mid-case outturn projection includes an estimated cost of £0.079m for potential changes to the level of provision that may be confirmed before 31 March 2021. The amount and timing of these potential costs is uncertain. The mid-case projection also includes a provision of £0.060m in case prices yet to be confirmed are above current estimates.

4.6 Out of authority top-ups (£0.040m underspend)

The mid-case outturn projection has improved by £0.015m since quarter 2. It is unlikely that new placements will be confirmed before 31 March 2021 at this stage. Agreement of the provision end date for one pupil may result in a further saving and this has been included in the best-case projection.

4.7 Top-up funding and support (£0.272m underspend)

Changes to estimates for top-up payments (above number) to special schools have been reviewed based on payments agreed for autumn term.

Estimates for Individual Pupil Support have been reviewed and reflect all panel decisions, including the January 2021 panel. Successful panel outcomes estimated at a cost of £0.064m for the second half of the year have not materialised. This is likely to be an impact of the current lockdown.

Transport costs and equipment purchases to support SEND pupils within a mainstream setting are significantly lower than budgeted. Again, this may be a further impact of the pandemic.

These changes have increased the overall expected underspend by £0.127m.

4.8 Horizon School and Alternative Provision (£0.018m overspend)

The projected mid-case overspend has reduced by £0.010m in this quarter linked to a further AWPU clawback for a permanently excluded pupil.

4.9 SEMH Free School (£0.062m underspend)

This budget will not be required in 2020/21. This position is unchanged from the quarter 2 update.

4.10 Post-16 top-up funding (£0.119m 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.

The mid-case projection is in line with the last position reported at quarter 2.

4.11 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.

4.12 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 be repaid, leaving a positive reserve balance of £0.088m.

**5.** **Recommendations**

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