

**Report to Hartlepool Schools' Forum 21 September 2021**  
**From Danielle Swainston (Assistant Director – Joint Commissioning)**

**Item 3: High Needs Block Projected Outturn 2021/22**

**1. Introduction**

- 1.1 The purpose of the report is to present the projected 2021/22 outturn for high needs services based on spending in the first quarter of the financial year.

**2. Background**

- 2.1 Financial pressures affecting the provision of services for Special Educational Needs and Disabilities (SEND) have been reported to Schools' Forum at regular intervals during 2020/21, and previous financial years.
- 2.2 Projected outturns for 2021/22 based on worse-case, mid-case and best-case have been prepared.
- 2.3 The final position for 2020/21 was a year-end underspend of £0.848m. It is likely that the favourable position was influenced by the pandemic.

**3. 2021/22 Block Funding**

- 3.1 The initial high needs block allocation for 2021/22 was confirmed at **£14.769m**.
- 3.2 Forum Members will recall that the initial funding allocation is subject to an annual adjustment each July. The change to funding relates to the import / export adjustment.
- 3.3 The number of non-Hartlepool pupils with SEND being educated in Hartlepool (categorised as imports) is reduced by the number of Hartlepool pupils with SEND being educated outside of Hartlepool (categorised as exports). Both volumes are updated in year to reflect the most recent January census.
- 3.4 The initial high needs block allocation (based on the January 2020 census) included a net export of 23 pupils at a charge of £6k per pupil – a deduction of £0.138m.
- 3.5 The in-year adjustment has increased the net export to 55 pupils – a total charge of £0.330m and an increased deduction to funding by £0.192m. The revised Hartlepool high needs block allocation for 2021/22 is **£14.577m**. This allocation is before recoupment for academy place funding of £2.080m, giving a net allocation of **£12.497m**.

**4. 2021/22 Outturn Projection**

- 4.1 Based on spending in quarter 1, along with estimated expenditure for the remainder of the financial year, the projected outturn position for high needs ranges from (£0.366m) underspend best case to £0.360m overspend worse case. This is summarised by each area of spend in the table below. The paragraphs that follow explain the main variances to budget.

High Needs Expenditure 2021/22	Worse Case		Mid Case		Best Case	
	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	3.311	0.230	3.216	0.135	3.216	0.135
Out of Area top-ups	0.392	(0.089)	0.392	(0.089)	0.404	(0.077)
Top-up funding and support	5.433	0.068	5.318	(0.047)	5.203	(0.163)
Horizon School and AP	0.727	(0.026)	0.727	(0.026)	0.677	(0.076)
Post-16 top-ups	1.083	0.362	0.903	0.182	0.720	-
Support services	0.467	-	0.467	-	0.467	-
MTFS Provision	0.078	(0.377)	0.078	(0.377)	0.078	(0.377)
Funding adjustment		0.192		0.192		0.192
<b>Total projection</b>	<b>12.857</b>	<b>0.360</b>	<b>12.467</b>	<b>(0.030)</b>	<b>12.131</b>	<b>(0.366)</b>

#### 4.2 Local authority place funding (on budget).

Spending is expected to be in line with budget in 2021/22.

#### 4.3 Independent school fees (£0.135m overspend)

At the start of the summer term, 54 pupils were placed in Independent Provision at an average cost of £18k per term. For the autumn term, there are 7 confirmed new placements and 5 leavers. There are 7 pupils for which appropriate provision is being sought whose start dates are uncertain. The mid-case estimate assumes the 7 pupils will be placed at a typical non-residential cost for 1 term only and the worse-case estimate assumes the cost over 2 terms. A small number of pupils are placed in residential provision, with the high needs block paying a percentage of the cost to reflect the education element of provision for the child. These percentage splits are under regular review with social care colleagues to ensure that they remain appropriate.

#### 4.4 Out of authority top-ups (£0.089m underspend)

There are currently 29 pupils placed out of Hartlepool at an average cost of £5k per term. The mid-case projection assumes that 2 new pupils will be placed out of area for a 6 month period and the worse-case projection assumes that 4 new pupils will be placed out of area for a 6 month period. Growth in out of area placements tends to be limited as there is an excess of demand over supply.

#### 4.5 Exclusions, including Horizon School (£0.026m underspend)

This budget head funds the cost of place funding for Horizon School, along with the costs of alternative provision for permanently excluded pupils. It receives income from AWPU clawback from schools for those pupils that are permanently excluded. The expected underspend of £0.026m is covered in more detail in a separate report to Schools' Forum on the same agenda. The best case scenario assumes a greater underspend for Horizon School during 2021/22, in line with the 2020/21 outturn.

#### 4.6 Top-up funding and support (£0.022m underspend)

The expected cost of funding Individual Pupil Support (IPS) in 2021/22 currently stands at £1.698m. The best-case projection assumes that the number of net funding

packages does not increase from the current position. The worse-case scenario assumes growth for the remainder of 2021/22 amounting to £0.400m. This figure is based on the work to date carried out for the Medium Term Financial Strategy. The mid-case projection uses the mid-point between best and worst case. The mid-case projection for IPS represents an underspend of £0.082m.

Funding for special schools is expected to overspend by £0.103m. This is linked to a planned increase in spend to fund an additional class at Springwell (over and above the Minimum Funding Guarantee arrangement) at a cost of £0.108m. Had this provision not been put in place, placements in the independent sector would have been procured at a significantly greater cost.

Provision for pupils with Moderate Learning Disabilities (MLD) has been established at High Tunstall with effect from September 2021. As with the arrangement for additional provision at Springwell School, this strategy avoids the requirement for more expensive provision outside of Hartlepool.

#### 4.7 Post-16 top-up funding (£0.182m overspend)

Forum Members will recall the increased level of spending for pupils with SEND choosing to continue their education beyond year 11 during the 2020/21 financial year. At this stage, the mid-case projection assumes spending in line with 2020/21, resulting in a projected overspend of £0.182m. The best-case projection assumes that spending can be contained at budget level and the worse-case projection assumes growth of 20% in 2021/22. Once the September 2021 intakes are confirmed, these projections can be updated with greater certainty.

#### 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 Provision to Support Medium Term Financial Strategy (£0.377m underspend)

Forum Members will recall that a significant increase in high needs funding was received in 2021/22 – an increase of circa £1.15m. Forum agreed to use £0.313m of the additional funding to increase top-up rates and increase the MFG to special schools. These additional amounts were agreed for one year only, alongside the establishment of the Medium Term Financial Strategy (MTFS). A further £0.383m was used to fund general year-on-year growth in prices and demand. The remaining £0.455m was set aside during the budget setting process with a view to fund outcomes from the MTFS.

Borrowing costs to fund part of the capital works needed to extend SEND provision within the town were approved by Full Council on 8 July 2021. A cost of £0.078m has been incorporated into outturn projections for 2021/22, with a residual provision set aside of £0.377m.

#### 4.10 Current reserve balances earmarked to support the High Needs Block stand at £0.721m.

### 5. Recommendations

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