

Report to Hartlepool Schools' Forum 23 March 2022
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Item 4: 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 to the end of the third 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.
- 3.5 The revised Hartlepool high needs block allocation for 2021/22 following the import / export adjustment is **£14.564m**. This allocation is before recoupment for academy place funding of £2.080m, giving a net allocation of **£12.485m**.
- 3.6 The reduction in funding between the original block allocation of £14.769m and the updated allocation after the import / export adjustment of £14.564m is £0.204m.

4. 2021/22 Outturn Projection

- 4.1 Based on spending to the end of December 2021/22, along with estimated expenditure for the remainder of the financial year, the projected outturn position for high needs ranges from £0.344m overspend best case to £0.587m overspend worse case. The mid-case projection has increased by £0.195m since the last monitoring report presented at the end of quarter 2.
- 4.2 The projections are 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	3.699	0.619	3.649	0.569	3.649	0.569
Out of Area top-ups	0.418	(0.064)	0.418	(0.064)	0.418	(0.064)
Top-up funding and support	5.356	(0.009)	5.306	(0.059)	5.256	(0.109)
Horizon School and AP	0.707	(0.046)	0.707	(0.046)	0.693	(0.060)
Post-16 top-ups	1.058	0.338	1.058	0.338	0.979	0.259
Support services	0.467	-	0.467	-	0.467	-
MTFS Provision	-	(0.455)	-	(0.455)	-	(0.455)
Funding adjustment	-	0.204	-	0.204	-	0.204
Total projection	13.071	0.587	12.971	0.487	12.828	0.344

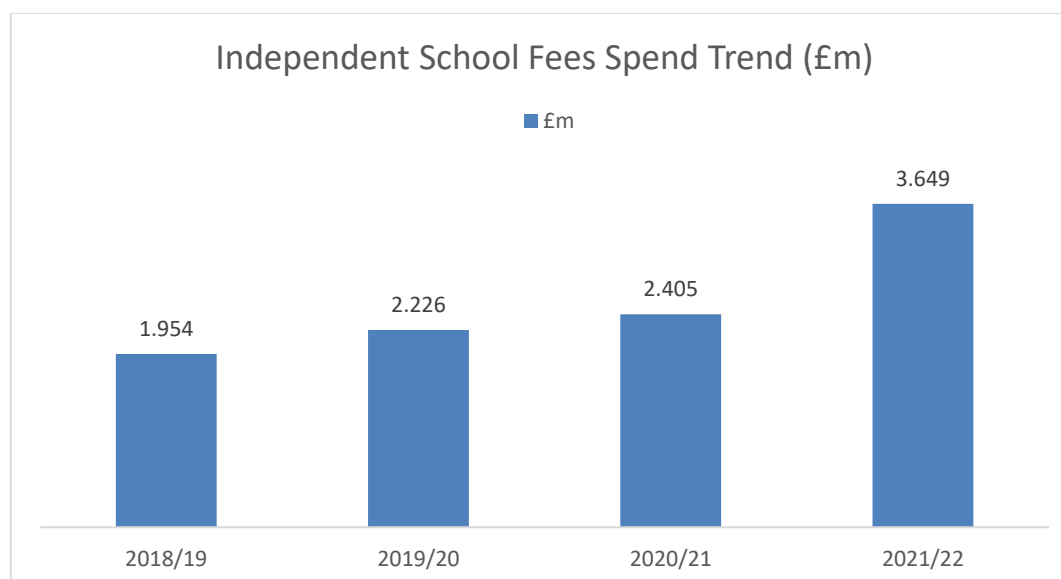
4.3 Local authority place funding (on budget).

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

4.4 Independent school fees (£0.569m overspend)

The forecast spend on independent school fees has increased by £0.307m since the last update. As at this report date, there are currently 67 pupils placed in Independent Provision at an average cost of £21k per term (59 pupils at an average cost of £18k per term at the last monitoring report date).

The chart below illustrates the steady growth in independent school fees from 2018/19 and the sharp growth during 2021/22. Growth in 2021/22 was expected to be £0.676m but is projected at £1.245m.



The previous mid-case outturn projection assumed further placements for 4 pupils at an estimated cost of £0.054m. The estimate was on the basis of one term only in 2021/22. New placements have actually been agreed for 9 pupils at a cost of £0.235m – several pupils were placed during autumn term meaning that more than one term is

payable in 2021/22. In addition, costs for one high cost pupil with SEND, along with the associated split between education and social care has been confirmed during the quarter. This has increased the outturn projection by £0.080m.

ESFA have provided £0.061m of grants in 2021/22 relating to independent provision. These include teacher's pay grant, teacher's pension grant and COVID-19 grant. The guidance attached to these grants explains that independent school providers can approach the local authority to claim their share of the grant, however, there is no obligation on local authorities to pass on the grant, unless claims are received. No claims have been received to date so the outturn projection presented in this report assumes that the £0.061m grant income will be retained.

4.5 Out of authority top-ups (£0.065m underspend)

The forecast spend on out of authority placements is unchanged from the last outturn report at quarter 2.

4.6 Exclusions, including Horizon School (£0.046m 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 £0.046m is covered in more detail in a separate report to Schools' Forum on this same agenda.

4.7 Top-up funding and support (£0.059m underspend)

The expected expenditure has reduced by £0.115m since the last update. The improved position is linked to Individual Pupil Support (IPS) agreements in 2021/22 which are now expected to cost £1.665m (last projection was £1.805m). Although this report position is as at quarter 3, SEND panel decisions to the end of March 2022 have been included. Therefore, the year-end position is unlikely to change significantly from forecast.

4.8 Post-16 top-up funding (£0.338m overspend)

The mid-case forecast has increased by £0.079m from the last update. Forum will recall that education for pupils with SEND at post-16 continues to be an area of growth. Regional authorities are reporting a similar position.

4.9 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.

4.10 Provision to Support Medium Term Financial Strategy (£0.455m 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.

4.11 Current reserve balances earmarked to support the High Needs Block stand at £0.688m.

4.12 Should the mid-case projection presented in this report materialise, this would leave £0.201m in high needs block reserves.

5. Recommendations

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