

Report to Hartlepool Schools' Forum 18 November 2021
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Item 7: 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 second 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 ESFA have notified the local authority of a late adjustment to the import / export adjustment linked to a data error for Stockton pupils being educated in Hartlepool. This late change reduces the block funding by a further £0.012m. The local authority agrees that the data correction is accurate.
- 3.5 The revised Hartlepool high needs block allocation for 2021/22 following this late change 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 in the first half of 2021/22, along with estimated expenditure for the remainder of the financial year, the projected outturn position for high needs ranges from £0.011m overspend best case to £0.682m overspend worse case. The

mid-case projection has increased by £0.321m since the last monitoring report presented at the end of quarter 1.

- 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	3.383	0.302	3.342	0.261	3.288	0.207
Out of Area top-ups	0.425	(0.057)	0.417	(0.065)	0.412	(0.070)
Top-up funding and support	5.562	0.197	5.421	0.056	5.224	(0.141)
Horizon School and AP	0.706	(0.047)	0.706	(0.047)	0.681	(0.072)
Post-16 top-ups	1.180	0.460	0.980	0.260	0.980	0.260
Support services	0.467	-	0.467	-	0.467	-
MTFS Provision	0.078	(0.377)	0.078	(0.377)	0.078	(0.377)
Funding adjustment		0.204		0.204		0.204
Total projection	13.167	0.682	12.777	0.292	12.496	0.011

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 (£0.261m overspend)

The forecast spend on independent school fees has increased by £0.126m since the last update. There are currently 59 pupils placed in Independent Provision at an average cost of £18k per term (54 pupils at an average cost of £18k per term at the last monitoring report date). There are 7 pupils for which appropriate provision is being actively sought whose start dates are uncertain. The mid-case estimate assumes that 4 of the 7 pupils will be placed at a typical non-residential cost for spring term only and the worse-case estimate assumes that all 7 pupils will be placed for spring term. In addition to the 7 pupils, it is likely that provision is required for a further 2 pupils who are currently struggling in their existing provision. Estimated costs are included in both the mid-case and worse case estimate for this provision.

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. As grant claims were not received in 2020/21, 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 has increased by £0.025m since the last update. There are currently 30 pupils placed out of Hartlepool at an average cost of £5k per term (29 pupils at last monitoring report date). Provision is being

actively sought for one pupil, although the timing is uncertain. An estimate is included in the mid-case projection. The worse-case projection assumes that 2 new pupils will be placed out of area for a 4 month period. Growth in out of area placements tends to be limited as there is an excess of demand over supply.

4.6 Exclusions, including Horizon School (£0.047m 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 £0.047m is covered in more detail in a separate report to Schools' Forum on this same agenda. The best case scenario assumes a greater underspend for Horizon School during 2021/22, in line with the 2020/21 outturn.

4.7 Top-up funding and support (£0.056m overspend)

The expected cost of funding Individual Pupil Support (IPS) in 2021/22 currently stands at £1.682m. 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 £0.463m. 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 £0.091m.

Funding for special schools is expected to overspend by £0.160m. This is partly 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.

4.8 Post-16 top-up funding (£0.260m overspend)

Following new academic year intakes, the mid-case outturn projection has increased by £0.077m. Further education for pupils with SEND continues to be a growth area. The worse-case projection includes provision for late joiners and funding above estimates for September places.

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 (£0.377m 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.

- 4.11 Current reserve balances earmarked to support the High Needs Block stand at £0.721m.
- 4.12 Should the mid-case projection presented in this report materialise, this would leave £0.429m in high needs block reserves.

5. Recommendations

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