

Agenda Item 7 – High Needs Block Budget and Medium Term Financial Strategy 2022/23

1. Purpose of Report

1.1 The purpose of the report is share initial findings from the High Needs Block Review and ask members of Forum to consult on next steps.

2. Background

2.1 Schools Forum agreed to undertake a review of the High Needs Block and agreed a scope at their meeting of 23 March 2021. In order to meet deadlines for committee, budget proposals would need to be considered by Schools Forum in November 2021 at the latest.

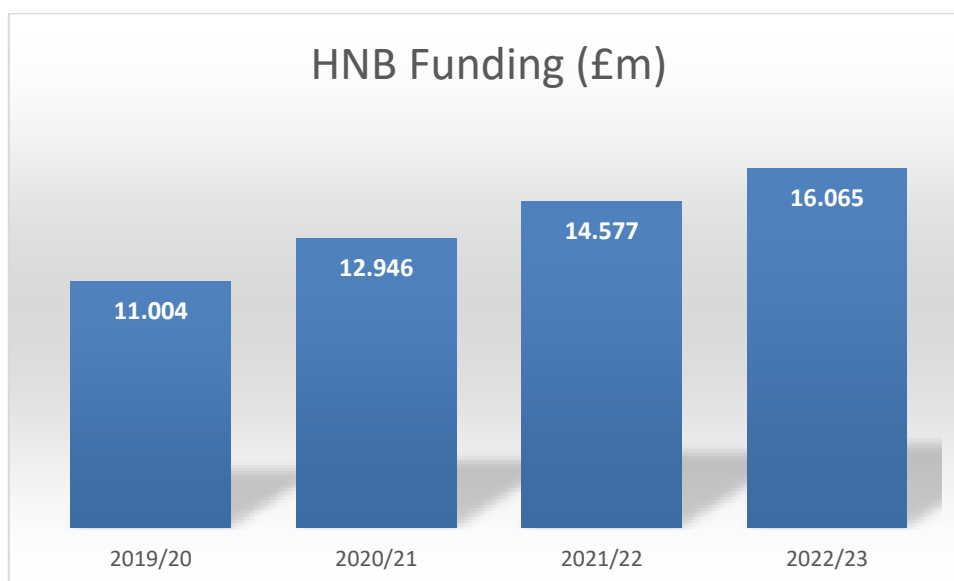
2.2 Work has been carried out over the last few months which is set out in appendix A.

3. High Needs Block Funding Update

3.1 Indicative funding allocations for the High Needs Block were published by the Education Skills and Funding Agency (ESFA) in July 2021.

3.2 The initial funding for Hartlepool for 2022/23 (before recoupment of academy place funding) is **£16.065m**. This represents an increase from 2021/22 of £1.488m, or 10%.

3.3 The allocation for 2022/23 is the third successive year of significant funding increases. The graph below shows the growth from 2019/20 to date. However, Schools' Forum are aware of the historic position with funding not keeping pace with demand for SEND provision over a number of years.



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

4. Proposal

4.1 The High Needs Block is the funding available to a local area to fund support for children with SEND. It is a finite amount of money and therefore elements within the block cannot be seen in isolation.

4.2 It is evident from the work that has been undertaken to date that it is not possible to make a decision on any element of the block without effecting the rest of the block.

4.3 One of the areas of review within the scope is *“The need for a graduated response to support increased inclusion is acknowledged. Investment in either an in-house team or commissioned model is being explored.”* Schools Forum requested for an independent review to be undertaken for this area of scope. NDTi were commissioned to do this work which has been completed however the findings from this review will not be shared fully until 23rd September 2021.

4.4 Owing to the inter connections between all elements of the High Needs Block it would not be possible to finalise options for the High Needs Review without decisions resulting from the NDTi work.

4.5 It is therefore proposed that the High Needs Block Review is paused until discussions can be held about the way forward re: inclusion following the findings of the NDTI initial consultation work.

4.6 Many schools and officers have highlighted concerns about processes and pathways which are not dependent on financial resources therefore it is proposed that this work continues e.g review of panels.

5. Impact of delaying the implementation of the High Needs Review

5.1 There were two decisions recommended by Schools Forum to Committee for 2021/22 that were only agreed to be implemented for one year. Any delay in finalising the High Needs Block would cause issues with these and therefore it is proposed that these are continued for a further year to enable them to be considered within the overall High Needs Block Review.

5.2 The first decision was to apply cumulative inflation to the Minimum Funding Guarantee (MFG) for special schools. An inflationary increase of 3% backdated to 2019/20 was agreed and implemented in 2021/22.

5.3 Schools' Forum are asked to consider the continuation of this cumulative increase for a further year in 2022/23, along with a further 3% inflationary increase for 2022/23.

5.4 The cost of this proposal is estimated at £0.241m (£0.178m in 2021/22).

5.5 The second decision was to apply cumulative inflation to SEND top-up ranges. An inflationary increase of 2.75% backdated to 2019/20 was agreed and implemented in 2021/22.

- 5.6 Schools' Forum are asked to consider the continuation of this cumulative increase for a further year in 2022/23, along with a further 2.75% inflationary increase for 2022/23.
- 5.7 The cost of this proposal is estimated at £0.182m (£0.135m 2021/22).
- 5.8 There is a high level of confidence of the affordability of these proposals in 2022/23 on the basis of:
- the current outturn projection on high needs spending for 2021/22 expects a small underspend (mid-case);
 - Hartlepool's high needs block allocation is increasing by 10% in 2022/23

6. Recommendations

- 6.1 Schools Forum are asked to delay decision making on the High Needs Block Review until discussions can be held about the way forward re: inclusion following the findings of the NDTI initial consultation work.
- 6.2 Schools Forum members are asked to consult with the Head Teachers they represent on the budget proposals outlined at section 5 of this report to enable a decision to be made at the next Schools' Forum meeting on 19 October 2021.