

**Report to Hartlepool Schools' Forum 20 September 2022
From Danielle Swainston (Assistant Director – Joint Commissioning)**

Item 4: High Needs Block Projected Outturn 2022/23

1. Introduction

- 1.1 The purpose of the report is to present the projected 2022/23 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) are reported to Schools' Forum at regular intervals.
- 2.2 Projected outturns for 2022/23 based on worse-case, mid-case and best-case have been prepared.
- 2.3 The final position for 2021/22 was a year-end overspend of £0.386m. The overspend was despite increased block funding of £1.151m compared to the previous financial year.

3. 2022/23 Block Funding

- 3.1 The high needs block allocation (after recouplement of place funding for academies) for 2022/23 is **£14.457m**.
- 3.2 This represents an increase of **£1.972m** compared to 2021/22.
- 3.3 In setting budgets for high needs spending in 2022/23, the additional funding was utilised to increase available budgets for the following:
- Post-16 support for pupils with SEND – an area of known financial pressure in recent years;
 - Increase in special schools MFG approved by Schools' Forum;
 - Increase in top-up values approved by Schools' Forum;
 - Expected growth in demand for Out of Area and Independent School places.
- 3.4 After funding these budget areas, the remaining extra funding of £0.687m was set aside under the budget heading "Provision to Support Medium Term Financial Strategy".

High Needs Block Budget Requirement 2022/23	£m
Place Funding - Maintained	1.483
Independent School Fees	3.682
Out of Authority Top-ups	0.495
Alternative Provision (including Horizon School)	0.753
Top-ups and Support	5.850
Post-16 Top-ups	1.040
High Needs Services	0.467
Provision for MTFS proposals	0.687
Total Budget	14.457

4. 2022/23 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 £0.197m overspend best case to £0.613m overspend worse case. This is summarised by each area of spend in the table below.

4.2 The paragraphs that follow explain the main variances to budget based on the mid-case projection.

High Needs Expenditure 2022/23	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	1.483	-	1.483	-	1.483	-
Independent school fees	4.796	1.114	4.636	0.954	4.570	0.888
Out of Area top-ups	0.495	-	0.495	-	0.495	-
Top-up funding and support	5.900	0.050	5.850	-	5.810	(0.040)
Horizon School and AP	0.710	(0.043)	0.710	(0.043)	0.710	(0.043)
Post-16 top-ups	1.144	0.104	1.044	0.004	1.044	0.004
Support services	0.467	-	0.467	-	0.467	-
MTFS Provision	0.075	(0.612)	0.075	(0.612)	0.075	(0.612)
Total projection	15.070	0.613	14.760	0.303	14.654	0.197

4.3 Local authority place funding (on budget).

Place funding is expected in line with budget.

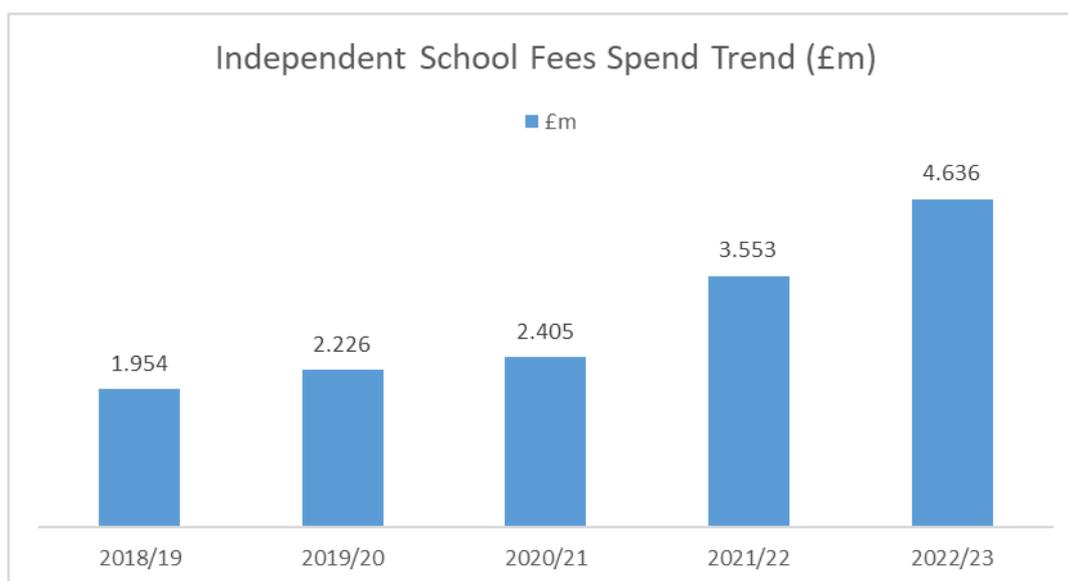
4.4 Independent school fees (£0.954m overspend)

Independent School placements account for approximately 30% of High Needs Block spend. The projected forecast (mid-case) of £4.636m is based on:

- Existing placements, or places being actively sought for immediate start for 73 FTE pupils at an average cost of £20k per term;
- Estimated growth in placements for 7 pupils for the remaining 2 terms at an estimated cost of £21k per term.

For comparison, the equivalent spend breakdown for 2021/22 was placements for 60 FTE pupils at an average cost of £20k per term.

During 2021/22, there were 3 placements costing in excess of £50k per term. This has reduced to 2 placements in 2022/23.



4.5 Out of authority top-ups (on budget)

There are currently 35 pupils placed out of Hartlepool at an average cost of £13k per term. The mid-case projection assumes there are no new placements for the remainder of 2022/23. Additional out of authority places in year are unlikely as there is limited supply of these places.

4.6 Exclusions, including Horizon School (£0.043m underspend)

This budget head funds the cost of place funding and top-ups for Horizon School, along with the costs of alternative provision for permanently excluded pupils. It receives income from AWPUs clawback from schools for those pupils that are permanently excluded. The underspend relates to pupil premium income for pupils placed in alternative provision. The pupil premium grant income is unbudgeted. This position will be reviewed at 2023/24 budget setting as grant income has now been received for 2 consecutive years.

4.7 Top-up funding and support (on budget)

This budget heading includes funding for Individual Pupil Support (IPS) and funding for Special Schools and ARP top-ups.

At this stage, forecast expenditure is in line with budget.

4.8 Post-16 top-up funding (on budget)

Forum Members will recall that there has been an increase in the number of pupils with SEND choosing to take up and continue education beyond age 16. The budget for 2022/23 has been significantly increased, using the growth in funding outlined at paragraph 3.2 of this report. At this stage, forecast expenditure is in line with the available budget.

4.9 Support Services (nil variance)

The contribution from high needs to local authority support services is assumed at budget level, with inflationary increases being absorbed by the local authority.

4.10 Provision to Support Medium Term Financial Strategy (£0.612m underspend)

After utilising the additional funding outlined in paragraph 3.2 of this report to increase budgets for expected growth in demand and prices, £0.687m was set aside to fund

potential strategies within the Medium Term Financial Plan under development for High Needs, including implementation of any recommendations included in the report delivered by Peter Gray.

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 £0.075m has been incorporated into outturn projections for 2022/23 for interest payments, leaving a residual provision of £0.612m. Should the mid-case projection outlined in this report materialise, the remaining provision will be fully required to offset overspending in other high needs budget areas as outlined above.

As the budget available for Independent School Fees does not cover required expenditure in 2022/23, Schools' Forum are asked to note the proposed budget amendment to use the remaining £0.612m under this budget heading to transfer to Independent School Fees.

- 4.11 Current reserve balances earmarked to support the High Needs Block stand at £0.325m.

5. Recommendations

- 5.1 Forum is recommended to note the contents of the report and the budget amendment proposed by the local authority to reallocate £0.612m from Provision to Support Medium Term Financial Strategy budget heading to Independent School Fees budget heading in 2022/23.