

Report to Hartlepool Schools' Forum 6 December 2022
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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 half 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 Hartlepool high needs block allocation (after recoupment of place funding for academies) will change to reflect academy conversions for Rossmere and Springwell schools in-year. The revised allocation for 2022/23 is expected to be **£13.889m**.
- 3.2 Although block funding is reduced, there is no impact overall on the high needs spending position. The change means that place funding will be passed direct to Rossmere and Springwell by ESFA and will therefore form part of our recoupment value.

4. 2022/23 Outturn Projection

- 4.1 Based on spending in quarter 2, along with estimated expenditure for the remainder of the financial year, the projected outturn position for high needs ranges from £0.229m overspend best case to £0.624m overspend worse case. This is summarised by each area of spend in the table below.
- 4.2 The mid-case projected overspend has increased from £0.303m at quarter 1 to £0.438m at quarter 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	0.882	-	0.882	-	0.882	-
Independent school fees	4.702	0.534	4.684	0.517	4.513	0.345
Out of Area top-ups	0.403	(0.092)	0.403	(0.092)	0.403	(0.092)
Top-up funding and support	6.122	0.112	6.053	0.043	6.035	0.025
Horizon School and AP	0.719	(0.034)	0.719	(0.034)	0.699	(0.054)
Post-16 top-ups	1.144	0.104	1.044	0.004	1.044	0.004
Support services	0.467	-	0.467	-	0.467	-
Borrowing Costs	0.075	-	0.075	-	0.075	-
Total projection	14.514	0.624	14.327	0.438	14.118	0.229

4.3 Local authority place funding (on budget).

Budgets have been realigned to match the revised funding from ESFA outlined at paragraph 3.1. Place funding is expected in line with budget.

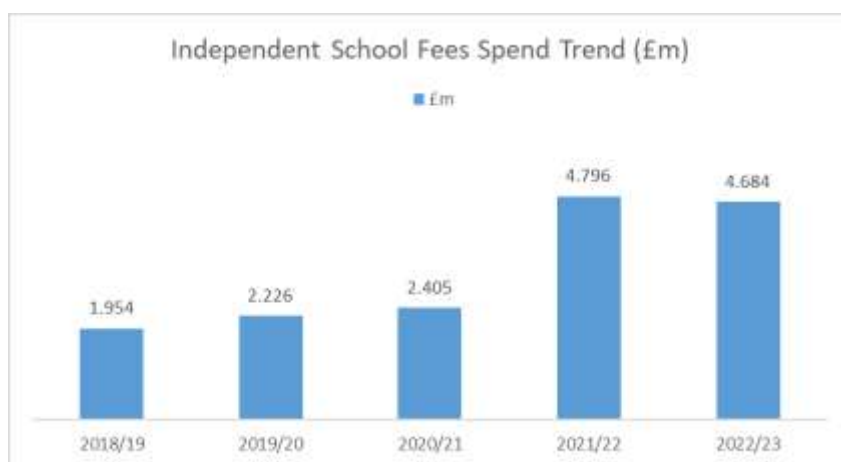
4.4 Independent school fees (£0.517m overspend)

The budget has been increased using the provision set aside for Medium Term Financial Plans as agreed by Schools' Forum. Independent School placements account for approximately 30% of High Needs Block spend. The projected forecast (mid-case) of £4.684m is based on:

- Existing placements for 73 FTE pupils at an average cost of £21k per term;
- 12 leavers (i.e. part year placements) during 2022/23 to date at a total cost of £131k;
- Estimated growth in placements for 6 pupils for spring term at an estimated cost of £21k per term (9 pupils worse-case).

For comparison, the equivalent spend breakdown for 2021/22 was placements for 60 FTE pupils at an average cost of £20k per term. Therefore, there are 13 additional pupils being funded at this point in 2022/23. The delay in opening of the free school is contributing to the financial pressure on independent placements as the majority of provision is SEMH.

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 29 pupils placed out of Hartlepool at an average cost of £5k per term. There have been 5 leavers (i.e. part year placements) to date in 2022/23 at a total cost of £46k. 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 (£0.034m 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 AWPU 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 (£0.043m overspend)

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

Projected spend was in line with budget at quarter 1. Growth in exceptional funding agreements for IPS has changed the projection to a mid-case overspend of £0.043m (£0.112m worse-case). Agreements are approved on a group funding basis and aim to support children in their current school. New group funding agreements are in place to assist with early identification in younger children. There are also agreements to fund a member of staff to continue a specific pupil's education in mainstream school whilst a more specialist place is sought.

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 original budget for 2022/23 was significantly increased to reflect the increased volume of pupils. Forecast expenditure remains 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 Borrowing Costs (on budget)

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.

- 4.11 Current reserve balances earmarked to support the High Needs Block stand at £0.325m. Should the mid-case projection included in this report materialise, there would be a deficit reserve of £0.113m. However, overall DSG reserves are positive (Early Years and Growth Fund).

5. Recommendations

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