

LANCASHIRE SCHOOLS FORUM

Date of meeting 19 October 2021

Item No 10

Title: Recommendations of the High Needs Block Working Group

Executive Summary

On 28 September 2021, the High Needs Block Working Group considered a number of reports, including:

- High Needs Block 2021/22 – Budget Monitoring
- High Needs Block Funding 2022/23
- HNB Indicative Commissioned Place Numbers 2022/23
- Lancashire Hospital Education Service: Annual Report: Academic Year 2020-21
- Recovery Premium
- School Cost Pressures

A summary of the information presented, and the Working Group's recommendations are provided in this report.

Recommendations

The Forum is asked to:

- a) **Note the report from the High Needs Block Working Group held on 28 September 2021**
- b) **Ratify the Working Group's recommendations.**

Background

On 28 September 2021, the High Needs Block Working Group considered a number of reports. A summary of the information presented, and the Working Group's recommendations are provided below:

1. High Needs Block 2021/22 – Budget Monitoring

Due to the cost and demand led pressures on the High Needs Block budget, arrangements were introduced from 2018/19 to provide the Forum with termly budget HNB monitoring.

Summer term 2021/22 data had been utilised to provide monitoring and analysis for members

It was noted that the HNB budget is currently forecasting a circa £11m underspend at 31 March 2022.

However, it was emphasised that the yearend monitoring was an estimate of the full year forecast, based on expenditure that occurred in the summer term 2021. There remains significant ongoing financial pressure facing this block despite the current monitoring position, as the demand and costs continue to rise. It is anticipated that the final outturn position will come in higher than the current forecast.

Members considered the information and also discussed the Lancashire position against other LAs nationally. It was noted that some LAs had overspend high needs funding across recent years and accumulated deficits on the Dedicated Schools Grant (DSG). DfE were working with the LAs with the most significant issues to agree recovery plans with them.

The Working Group

a) Noted the report.

2. High Needs Block Funding 2022/23

2022/23 is the final year of the DfE's three year funding settlement that has increased funding by £7.1b compared to the 2019/20 baseline.

Of the 2022/23 increase of £2.3b, £780m is targeted at High Needs Block. DfE indicate that this represents a 9.6% increase for HNB nationally in 2022/23 and say that the extra resource will continue to help local authorities manage their cost pressures in this area, while the government remains focused on completing the cross-departmental review of the SEND system to ensure that it supports children and young people with SEND is as efficiently and effectively as possible.

High Needs Block National Funding Formula (NFF) for 2022/23

DfE announcements confirm that the basic structure of the high needs National Funding Formula (NFF) for 2022/23 is not changing. An extract from DfE documentation showing the national high needs NFF was provided for members.

Information on the key decisions taken by DfE for 2022/23 are set out below.

The high needs National Funding Formula (NFF) floor and gains cap have been set as follows for 2022/23:

- the funding floor is set at 8% so each local authority will see an increase of at least 8% per head of their 2 to 18 population (as estimated by the Office of National Statistics)
- the gains cap is set at 11%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on a per head basis of their 2 to 18 population

The hospital education factor will also be uplifted by 8%.

Following the responses to the DfE's high needs formula consultation earlier in the year, DfE have also confirmed that they have made technical changes to the historic spend factor within the high needs national funding formula. The historic spend factor has been updated to use 50% of local authorities' actual spend data from 2017/18. In previous years the historic spend factor had been calculated using local authorities' planned spend in 2017/18 rather than their actual spend. DfE have indicated that they will continue to look at reducing the significance of this factor in future years, with a view to removing it completely when they have alternative proxies to include within the formula.

Due to the Covid-19 pandemic, some changes to individual proxy factors have also been made for 2022/23, as there is no appropriate 2020 attainment data to use for the two low attainment factors. Following the earlier consultation DfE have settled on using 2019 data as a proxy for 2020 and have decided to proceed on this basis for the 2022/23 high needs allocations. This aligns with the approach taken in the schools NFF.

Lancashire Position

The July 2021 government announcements also contain provisional 2022/23 allocations for all DSG funding blocks, except early years. The Lancashire information is provided in the table below and it should also be noted that the early years block figures for 2021/22 have been replicated for 2022/23 to complete the 2022/23 DSG estimate.

Forecast DSG Income	2021/221 Baseline £m's	DfE notional 2022/23 allocation (using Oct 20 data) £m's	Difference £m's	Difference %
Schools Block	845.887	867.711	21.823	2.58
High Needs Block	151.033	166.193	15.160	10.04
Early Years Block	82.472	82.472	0.000	0.00
CSSB	6.766	6.799	0.033	0.49
Total	1,086.16	1,123.17	37.016	3.41

The current Lancashire forecast shows an total increase of circa 10% in the HNB Block from April 2022, however, it must be remembered that actual DSG allocations in Lancashire, to be published in December 2021, could be lower than those in the provisional notification from the DfE, dependant on data updates.

There remains considerable cost and growth pressures in the block, but initial estimates forecast that additional funding should meet increases in demand growth and facilitate a balanced High Needs budget.

Currently there is no indication of any increase in future funding for high needs after 2022/23, but demand growth over the last few years has been circa £10million per year. Therefore, if this level of growth continues without additional funding there is the risk that the high needs budget could cumulatively overspend by circa £10million per annum.

The reduction of the 20% in the CSSB historic spend element in 2022/23 is offset by the increase in the ongoing responsibilities funding, leaving the CSSB at approximately the same level as 2021/22. Members recalled that at the 6 July meeting, the Forum, recommended ongoing support be provided for the Emotional Health and Wellbeing Service and the Multi-Agency safeguarding Hub (MASH) in 2022/23, at existing levels. These services were previously funded from historic commitments.

The Group discussed the ongoing cost and demand led pressures across all DSG blocks and noted that DfE were involved in national discussions with the Treasury ahead of the upcoming spending review.

Members emphasised the need for increased allocations for Lancashire going forward to meet the forecast pressures that would be faced, and it was noted that the Forum should have an opportunity to feed into national considerations in the forthcoming DfE consultations that were expected.

The Working Group:

a) Noted the report.

3. HNB Indicative Commissioned Place Numbers 2022/23

Following representation from some PRUs. a report was presented to the last working group about the early notification element of the commissioned place process for 2022/23.

The Working Group supported some changes to the system for PRUs but agreed to leave the special schools process unaltered, as set out below:

PRU Process 2022/23

It was agreed that correspondence on indicative place numbers for 2022/23 to PRUs should not be issued in July 2021, but is instead circulated in autumn term 2021, by which time it is hoped that indicative data will include input from the service to refine the commissioned places to figures that will be more closely aligned to the final budget places and can take account of the latest recommendations from the AP strategy group.

Special School Process 2022/23

No changes to the procedures that operated in 2020 were proposed for special schools. The May 2021 census data was available in time to communicate with special schools

before the end of the summer term 2021 and experience suggested that these indicative numbers should closely aligned to likely places that will be included in the final budgets for the sector. Limited covid-19 impact on NORs in special schools is expected at the May 21 census.

The additional place top up funding arrangements will continue to operate in 2022/23, where the actual number of pupils at each redetermination is greater than the number of places commission on the budget forecast, so a continued safety mechanism remains built into the system.

In July 2021, following ratification of the working group's recommendations by full Forum, correspondence was issued to special schools with the indicative place figures for 2022/23 to provide an opportunity for individual schools to have discussions and make any representations with the relevant services.

A copy of the indicative commissioned place number for each special school for 2022/23, based purely on the calculation methodology, was provided for the working group. A total of 3,188 places are included in the indicative commissioning process at July 2021. This figure is a total increase of 78 compared to July 2020.

Letters were also issued to all PRUs to confirm the change in process.

A number of special schools have contacted the LA about possible changes to the indicative numbers of commissioned places and, any revisions agreed with the Inclusion Service will be built into school budgets for 2022/23.

In response to questions, it was confirmed that there were regular meetings between Inclusion Service and School Finance Heads of Service where the commissioned places would be considered and feedback provided to the schools that had submitted requests.

There was also some general discission about the commissioning process and the strategies being deployed to develop more maintained provision in the county and reduce expenditure on 'out-county' placements., although it was note that some factors were outside the control of the LA, for example parental preferences and appeals and tribunal outcomes.

Tor View School raised some specific questions about their school capacity as recorded on 'Get Information about Schools' and about commissioning at their Intensive Support Unit and it was agreed that Sally Richardson would make direct contact to discuss these issues outside of the meeting.

In connection with the Alternative Commissioning places, it was noted that discussions were continuing with PRUs and it was anticipated that indicative places numbers for PRUs would be agreed with the service shortly.

Members highlighted that the Alternative Provision Strategy Group considerations would impact on the future funding and commissioning arrangements and requested an update on the work of the group.

The Working Group

- a) **Noted the report and that further information would be provided as the commissioned place process continued.**
- b) **Requested an update on the work of the Alternative Provision Strategy Group.**

4. Lancashire Hospital Education Service: Annual Report: Academic Year 2020-21

The Lancashire Hospital Education Service (LHES) is a centrally managed service that is funded from the DSG High Need Block. In FY 2020/21 the service was allocated £858k.

The aim of the service is to provide access to high quality education that is appropriate to the child's needs and to support them to return to school or college as soon as they are well enough to do so.

The service is delivered in a number of settings:

- ELCAS: located on Burnley Hospital site:
- The Cove: located in Heysham.
- Hospital Classrooms at Royal Preston and Lancaster General Hospitals
- Home Teaching.

Each setting completes an annual report and a summary is produced by Audrey Swann, Head of Virtual School for CLA and previously CLA and Hospital Education Service. A copy of the summary was provided for members.

The documentation provided some highlights from each setting in 2021/22 and an update on 2021/22 Priorities. The budget information noted an underspend, which was largely attributable to unfilled vacancies.

Comment from the Head of the Virtual School highlighted that the service did a great job during the pandemic and carried on delivering education throughout the period, albeit in a creative way at times!

The Working Group:

- a) **Noted the report.**

5. Recovery Premium

On 6 September 2021, the Government made further announcements about one-off recovery premium as part of its package of funding to support education recovery.

Information extracted from the DfE publication was issued to the working group.

It was noted that the recovery premium provides additional funding for state-funded schools in the 2021 to 2022 academic year. Building on the pupil premium, this funding will help schools to deliver evidence-based approaches for supporting disadvantaged pupils.

All schools that are eligible for pupil premium are eligible for recovery premium and the recovery premium will be allocated using the same data as the pupil premium.

Specialist schools will get £290 for each eligible pupil.

The recovery premium will be paid in 4 payments to schools during the 2021 to 2022 academic year.

Information in the report also contained guidance on

- Using recovery premium funding
- Reporting and accountability

It was emphasised that the same conditions applied to Recovery Premium that were applicable to PPG in relation to publishing information on the schools' website about the use of the funding.

The Working Group

- a) Noted the report about the Recovery premium funding.**

6. School Cost Pressures

Queries had been raised with officers ahead of the meeting about cost pressures facing schools. Information on the issues raised is provided below

- NI increase – there is no indication there will be extra funding from DfE to cover this pressure, so at this stage the costs will need to be met from individual school budgets.
- Energy Costs - increased energy costs have been queried with LCC Energy Team. It was reported that no Lancashire schools specific analysis was yet available but the most recent update from the LCC framework provider forecast an increase of 20% on delivered electricity price and 40% on delivered gas price. Once the team have the outturn prices for the next pricing period, they will supply updated information and also put this on the portal.

The Working Group

- a) Noted the report.**