

LANCASHIRE SCHOOLS FORUM
Date of meeting 18 October 2022

Item No 11

Title: Recommendations of the High Needs Block Working Group

Executive Summary

On 27 September 2022, the High Needs Block Working Group considered a number of reports, including:

- High Needs Block 2022/23 – Budget Monitoring
- High Needs Block Funding 2023/24
- HNB Indicative Commissioned Place Numbers 2023/24
- MASH Education Annual Report
- Lancashire Hospital Education Service: Annual Report: Academic Year 2021-22

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 27 September 2022**
- b) **Ratify the Working Group's recommendations.**

Background

On 27 September 2022, 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 2022/23 – 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 2022. 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 on recovery plans with them.

The figures for the summer term do not indicate the significant increases in requests for EHCP's that are indicated to be 45% higher than in previous years. It is expected that this is an unexpected impact after Covid. It is expected at this time, that this will have implications on demand and expenditure over the current and future terms and into future years.

It is anticipated that the final outturn position will come in significantly higher than the current forecast based on historic trends.

Members understood that it cannot be identified at this moment due to the current implications the sector is facing.

Sally Richardson confirmed the increase in EHCPs from January – July, the amount received so far is the equivalent to what would normally be requested in a full year, the forum asked if Inclusion expect new EHCPs to continue at this rate, Sally confirmed at this stage it is unknown if it is a catch up from Covid and will slow down or if it will continue at this rate

It was mentioned that a lot of children are going into Primary schools, and they have not been picked up by Early Years as requiring additional support and therefore additional pressure on Primaries to get these children assessed for EHCPs

Regarding the £10 million forecast underspend, headteachers asked if we are usually at this position in previous years and were surprised that we are showing an underspend with the increase in demands. Kevin Smith confirmed that we are not always in this position of surplus by Summer Term and that we may be looking at an approx. underspend of £ 5 million by year-end.

Kirsty Lister confirmed that although LCC is in a good position regarding surplus on the High Needs Funding. The demands on the service are increasing at a lot faster rate than the funding and within the next couple of years we could be looking at a deficit position and so we need to review the Inclusion strategy and discuss it at these meetings going forward.

The Working Group

a) Noted the report.

2. High Needs Block Funding 2023/24

High needs funding is increasing by a further £570 million, or 6.3%, in 2023-24. This brings the total high needs budget to £9.7 billion. The high needs NFF will ensure that every local authority receives at least a 5% increase per head of their 2-18 population, with some authorities seeing gains of up to 7%. Alongside DfE's continued investment in high needs, the Government remains committed to ensuring a financially sustainable system, where resources are effectively targeted to need. Later this year the Government will confirm the next steps in implementing our reform programme, following the consultation on the SEND and Alternative Provision Green Paper published in March.

Final allocations of schools, high needs and central schools services funding for 2023-24 will be calculated in December, based on the latest pupil data at that point, when DfE announce local authorities' Dedicated Schools Grant allocations.

High Needs Block National Funding Formula (NFF) for 2023/24

DfE announcements confirm that the basic structure of the high needs National Funding Formula (NFF) for 2023/24 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 2023/24 is set out below.

The high needs National Funding Formula (NFF) floor and gains cap have been set as follows for 2023/24:

- The funding floor – this ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2023-24 we are setting the funding floor at 5%, having adjusted the baseline to include the supplementary high needs funding that was allocated to local authorities in December 2021, following the 2021 spending review.
- The gains cap – the limit on gains per head of the population compared to the baseline. For 2023-24 we are setting the gains cap at 7% which means that local authorities can see an increase of up to 7% before their gains are capped (again, compared to a baseline that takes account of the supplementary high needs funding allocated in December 2021).

The hospital education factor will also be uplifted by 5%.

Reflecting the range of opposing views on the appropriate weight to place on the historic spend factor, and the need for a gradual transition to a formula that relies less on past patterns of the demand for and supply of high needs provision, DfE has decided to keep the historic spend factor at the same cash value in the 2023-24 NFF as in 2022-23. The

increase in the total high needs amount to be allocated means that, the proportion of total funding going through the historic spend factor will continue to reduce, from 31% of the 2022-23 formula allocations to 29% in 2023-24. The Government will keep this factor under review in future years, with a view to removing it completely when we have alternative proxies to include within the formula.

Lancashire Position

The July 2022 government announcements also contain provisional 2023/24 allocations for all DSG funding blocks, except for early years. The Lancashire information is provided in the table below and it should also be noted that the early years block figures for 2022/23 have been replicated for 2023/24 to complete the 2023/24 DSG estimate. The baseline figures also incorporate schools supplementary grant allocations, which were issued as a separate grant in 2022/23.

Forecast DSG Income	2022/23 Baseline £m's	DfE notional 2023/24 allocation (using Oct 21 data) £m's	Difference £m's	Difference %
Schools Block	899.471	917.412	17.941	2%
High Needs Block	172.44	183.029	10.589	6%
Early Years Block (NOT UPDATED)	82.472	82.472	0	0%
CSSB	6.8384	6.7962	-0.042	-1%
Total	1,161.221	1,189.709	28.488	3%

The Lancashire High Needs Block is forecast to increase by circa 6% for 2023/24.

Members will be aware that demand growth over the last few years has been circa £10 million per year and inflationary pressures will only add to the cost increases for the sector going forward. There is therefore expected to be considerable strain on the HNB in 2023/24 and beyond. An initial analysis of these costs pressures had been utilised to provide forecast analysis for members.

At the individual school level, there are further considerable costs pressures currently facing the sector, with staff costs, energy and general inflation all increasing significantly.

The Inclusion and Engagement Team is doing some valuable work with some of the schools but it is not advertised well and more schools need to be informed of this service.

The Working Group:

- a) Noted the report.

3. HNB Indicative Commissioned Place Numbers 2023/24

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 2023/24.

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 2023/24

It was agreed that correspondence on indicative place numbers for 2023/24 to PRUs should not be issued in July 2022, but is instead circulated in the autumn term 2022, 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 2023/24

No changes to the procedures that operated in 2020 were proposed for special schools. The May 2022 census data was available in time to communicate with special schools before the end of the summer term of 2022 and experience suggested that these indicative numbers should be closely aligned to likely places that will be included in the final budgets for the sector.

In addition, the additional place top-up funding arrangements will continue to operate in 2023/24, where the actual number of pupils at each redetermination is greater than the number of places commissioned on the budget forecast, so a continued safety mechanism remains built into the system.

In July 2022, following the ratification of the working group's recommendations by the full Forum, correspondence was issued to special schools with the indicative place figures for 2023/24 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 as Appendix A. A total of 3,329 places are included in the indicative commissioning process at July 2022. This figure is a total increase of 141 compared to July 2021.

The Inclusion Service have been working on agreeing on the commissioned PRU/Alternative Provision places and has provided an update on the meeting. A copy of the indicative place number for each PRU was provided to the working group as Appendix B.

2023/24 TPG and TPECG Allocations

Following a decision from Forum, the LA updated the 2023/24 HNB funding models to incorporate the TPG and TPECG place-based allocation methodology after reviewing updated DfE high-needs guidance for 2023/24.

Special & PRU Modelling 2023/24

Members will recall that from 2021/22 the Teachers Pay & Pension Grant (TPECG & TPG) was included in the National Funding Formula (NFF), which we receive as part of our

Dedicated Schools Grant (DSG). Both special schools and pupil referral units (PRU's) have been funded under the schools' specific funding, which was shown separately for transparency and clarity based on termly pupil numbers. In line with Department for Education's (DfE) HNB operational guidance, this funding should be provided on commissioned places and funded at a minimum of 40 places.

In March 2022, a one-time top-up payment was made, which will be repeated for the last time in March 2023 to cover any difference in funding this may have caused. Early modelling has been carried out for 2023/24. This now changes the TPECG & TPG top up funding to be based on commissioned places instead of termly pupil numbers. This will remove the need for additional payments to be made from the 2023/24 financial year onwards.

PRU's Modelling 2023/24

The change in modelling for 2023/24, has also removed the need for the intervention to place additional pay and pension grant top up. This was introduced for PRU's in 2021/22 to offset the shortfall in funding due to the impact that intervention places had.

Special Schools Modelling 2023/24

There has been a change in modelling for 2023/24 for the pay and pension grant, to be in line with DfE guidance, this funding works on the combined pre and post 16 commissioned places.

Early modelling has raised an issue due to the above, so are proposing a minor change to the Post 16 commissioned place funding payments for the Summer and Autumn terms. Historically post 16 commissioned places have been paid Apr-Jul and Aug-Dec, with pre 16 places paid Apr-Aug and Sep-Dec. We are proposing to move the Post 16 commissioned places payments in line with Pre 16 so that both Pre and Post 16 are paid Apr-Aug and Sep-Dec. This would simplify the funding, and put them both in line with the authority's section 251 return and DSG payments.

Modelling shows that the impact on this is minimal, however, LA will make a one-off payment in 2023/24 for any schools that may have a small reduction in funding.

Sally Richardson attended this meeting to provide further updates about commissioned PRU's numbers. The working group found it valuable for Sally to be present at the meeting as she could provide further information on spending, the use of resources and the impact on the budget.

Members requested a brief report to be circulated that will state current SEN units in mainstream schools. This will be taken on the agenda for the following meeting of the working group.

A question was raised regarding the Broadfield site and what was happening with this. None of the Officers had an update on this and will report back when more information has been gathered.

The Working Group

- a) **Noted the report, accepted the number of commissioned places and that further work was taking place on the alternative provision strategy that could affect places.**
- b) **Supported changes to modelling for 2023/24.**

Appendix A

Indicative Commissioned Places 2023/24

Special Schools

LCC No	School Name	Pre 16	Post 16	Total Places
00133	Bleasdale School	25	9	34
00134	Royal Cross Primary School	26	0	26
00139	Hillside Specialist School and College	92	8	100
01130	Morecambe and Heysham Morecambe Road School	171	0	171
01131	The Loyne Specialist School	78	35	113
02130	Great Arley School	117	0	117
02131	Brookfield School. Poulton-le-Fylde	74	0	74
02132	Thornton Cleveleys Red Marsh School	79	19	98
04133	Kirkham Pear Tree School	85	17	102
06131	Moorbrook School	52	0	52
06134	Acorns Primary School	86	0	86
06135	Sir Tom Finney Community High School	126	63	189
07130	Moor Hey School - A Specialist Mathematics and Computing College	133	8	141
07131	The Coppice School	51	13	64
08135	Hope High School	90	0	90
08136	Kingsbury Primary School	89	0	89
08137	West Lancashire Community High School	83	39	122
08138	Elm Tree Community Primary School	143	0	143
09130	Chorley Astley Park School	169	0	169
09131	Mayfield Specialist School	102	24	126
11130	Oswaldtwistle White Ash School	111	0	111
11131	Broadfield Specialist School For SEN (Cognition and Learning)	134	37	171
12134	The Rose School	67	0	67
12135	Holly Grove School	120	0	120
12136	Ridgewood Community High School	125	36	161
13133	Pendle View Primary School	124	0	124
13134	Pendle Community High School and College	116	40	156
14132	Rawtenstall Cribden House Community Special School	90	0	90
14580	Tor View Community Special School	183	40	223
		<u>2941</u>	<u>388</u>	<u>3329</u>

Appendix B

PRU Places

Sch No	School No	Type	Phase	22/23 Places	23/24 Places
01141	Stepping Stones School	PRU	Primary	32.00	32.00
07141	Golden Hill Leyland Centre	PRU	Primary	50.00	50.00
01149	Chadwick High School	PRU	Secondary	70.00	70.00
02143	Mckee College House	PRU	Secondary	130.00	130.00
09145	Shaftesbury High School	PRU	Secondary	120.00	120.00
06141	Larches House School	PRU	Secondary	110.00	110.00
11142	Oswaldtwistle School	PRU	Secondary	95.00	95.00
08147	The Acorns School	PRU	Secondary	65.00	65.00
12504	Coal Clough Academy	PRU	Secondary	140.00	140.00

4. MASH Education Annual Report

The Forum will be aware that the funding for the Multi-Agency safeguarding Hub (MASH) was transferred to the HNB in 2022/23, as the DfE were reducing the historic commitments costs included in the Central school Services Block (CSSB). For 2022/23, £150k was included in the HNB budget, and a similar allocation will be included in initial budget proposals for 2023/24.

The service has now provided its annual report for 2022 and this was provided to the working group.

Working group members stated the service is invaluable and provides excellent reassurance for schools.

The Working Group:

- a) Noted the report.**
- b) Expressed views about the MASH report.**

5. Lancashire Hospital Education Service: Annual Report: Academic Year 2021-22

The Lancashire Hospital Education Service (LHES) is a centrally managed service that is funded from the DSG High Need Block. In FY 2021/22 the service was allocated £927k.

The service aims 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.

Educational Improvement services due to unforeseen circumstances could not attend the meeting to present information from the report.

Members requested that Audrey Swann attend a meeting on 29 November 2022, to provide further background on her report.

The Working Group:

- c) Noted the report.**