

**AGENDA ITEM 6**

**REPORT TO  
SCHOOLS FORUM**

**27 JUNE 2023**

**HIGH NEEDS UPDATE REPORT**

**SUMMARY**

To provide Schools Forum with an update on the financial position for High Needs factoring in any recent funding announcements.

**RECOMMENDATION**

1. It is recommended that Schools Forum notes the report.
2. Agrees to receive a further report on high needs funding in October

**SPENDING PRESSURES**

3. The school budget outturn report also presented to the Forum at today's meeting showed that there was a net saving on Dedicated Schools Grant (DSG) of (£1.61m) during the 2022/23 financial year. The in-year net saving of (£1.61m) is made up of a (£1.7m) planned High Needs saving offset by a £0.3m in-year High Needs overspend plus further savings of (£0.21m) on other DSG areas.
4. Therefore the overall cumulative deficit at the end of 2022-23 is £3.87m which is a reduction against the brought forward deficit of £5.48m. The reduced deficit has been carried forward into 2023-24.
5. As noted in the Outturn report presented to the Forum and noted above, the High Needs element of the DSG continued to overspend, net £300k during 2022/23.
6. High Needs pressures in 2022/23 have related mainly to the following:-
  - a. Continuing increase in the number of pre 16 Agency placements
  - b. Additional top-ups, placement costs and one-off funding for pupils in SBC Special Academies
  - c. Increased cost and number of out of area placements with independent providers..
  - d. Increase in the number of pupils staying on to Post-16.
7. The MTFP pressures and increases related to the outturn position have been built into the updated High Needs Medium Term Financial Plan.

## HIGH NEEDS FUNDING 2023/24

8. Details of High Needs Funding for 2023/24 were provided to the Forum at its meeting in October 2022 as part of the Schools Funding report for 2023/24.
9. In summary High Needs Funding is increasing by a further £570 million, or 6.3%, in 2023-24 – following the £1 billion increase in 2022-23 and £1.56 billion increase over the previous two years. 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.

## HIGH NEEDS POSITION

10. The current high needs medium term financial plan is attached at **Appendix 1**. The figures which exclude any assumed future block transfer show that high needs expenditure is expected to rise from £35.119m in 2022/23 (see table in paragraph 23) to £39.956m in 2023/24, then increase to £41.147m by the end of 2026/27.
11. Detailed forecasting work continues to be undertaken and over the last few months the High Needs Medium Term Financial Plan has been updated to reflect the outturn variations in spending during 2022/23 as detailed in paragraphs 2 to 6 above. All aspects of this plan are continually reviewed taking account of;
  - past trends,
  - the current budgetary control position,
  - increase in placement numbers,
  - inflationary increases,
  - changing service requirements,
  - current and future contract requirements,
  - latest funding announcements.
  - delivering better value programme.
12. Therefore based on the current MTFP forecasts presented in **Appendix 1** it is currently **estimated** that there will be a funding surplus of £1.126m in 2023/24, £1.226m surplus in 2024/25, £1.109m in 2025/26 and £1.073m in 2026/27. These surpluses will be utilised to reduce the current DSG deficit.
13. After taking account of the previously announced national funding allocations and the projected expenditure plans the estimated deficit on the DSG will reduce from £3.866m at the end of 2022/23 to £2.740m at the end of 2023/24, reduce further to £1.514m at the end of 2024/25 and it is estimated that there will be a small **DSG surplus** of £0.669m by the end of 2026/27.

14. However, as part of the Delivering Better Value programme outlined below, more detailed work on place planning projections has commenced in order that a more sophisticated needs analysis of the types of placements and provision we will need in future years can be developed. This work will result in a need to reprofile future spend.
15. In addition, there have been discussions with both Academy Trusts for the special schools in the Borough, based on evidence that other local authorities provide more funding for places with the same level of need. The outcome of this can be that more pupils from out of borough are placed in Stockton-on-Tees schools with a corresponding need to commission more places from the independent sector at greater cost. A range of options to address these challenges are currently being developed, and will also be factored into future projections.
16. The Local Authority has a corporate and strategic duty to address the deficit position and pressures on the High Needs budget. Any additional funding is welcome and based on the current estimated expenditure plans this seems to address the significant pressures the service has faced over the last few years although there are still risks across the medium term from increased service requirements.
17. As a reminder any future accumulated overspend on the High Needs budget will be required to be repaid from future High Needs funding allocations.

#### **HIGH NEEDS - ADDRESSING THE POSITION**

18. Due to the ongoing pressures within high needs the authority with the support of the Schools Forum has agreed previous block transfers as detailed below;

2021/22	0.5%	£0.698m
2022/23	0.5%	£0.752m
2023/24	0.5%	£0.795m

19. A breakdown of the specific pressures over four years that have led to the requirement for a transfer are shown in the table below:-

High Needs Spend					
	Actual				
	2019/20	2020/21	2021/22	2022/23	% change on 2019/20
<b>Top-ups</b>					
Mainstream schools - pre-16	3,255,127	3,737,135	3,647,929	3,369,579	3.5%
Special Academies	3,604,023	3,693,872	4,579,114	5,387,396	49.5%
AP (incl. PRU / Exclusions / Therapies / PDC's)	1,554,721	1,907,108	1,602,236	1,906,059	22.6%
Early Yrs PVI	254,914	203,279	206,185	221,230	-13.2%
Post-16	1,843,321	2,183,714	1,961,573	2,072,616	12.4%
	10,512,106	11,725,108	11,997,037	12,956,880	
Place funding	9,112,784	8,750,782	8,840,708	9,063,764	-0.5%
Agency Placements	4,298,657	5,106,361	5,425,872	7,056,878	64.2%
Other out of area placements	1,209,891	1,714,765	1,641,508	1,639,536	35.5%
SEN Support**	2,118,633	2,117,015	2,520,687	2,768,469	30.7%
Support for Inclusion	344,993	344,993	344,993	344,993	0.0%
Recoupment of FE places	940,000	1,146,000	1,242,000	1,288,000	37.0%
<b>Total HN Expenditure</b>	<b>28,537,064</b>	<b>30,905,024</b>	<b>32,012,805</b>	<b>35,118,519</b>	<b>23.1%</b>
	-	-	-	-	
HN Funding	24,659,138	27,744,907	31,391,226	35,625,774	
Transfer from Schools Block	1,400,000	668,684	698,073	751,827	
Early Yrs SEN Inclusion Fund	120,000	120,000	120,000	120,000	
Other DSG savings	510,799	743,686	374,848	235,599	
In-Year overspend /(saving)	1,847,126	1,627,747	(571,342)	(1,614,681)	
	-	-			
<b>Cumulative Deficit</b>	<b>4,423,846</b>	<b>6,051,593</b>	<b>5,480,251</b>	<b>3,865,570</b>	
	-	-	-	-	
<b>Notes</b>					
** SEN Support - This includes the costs of non-delegated centrally retained specialist SEN support services for pupils with or without EHC plans (including Early Support Nursery, services for Visual and Hearing Impairment etc.).					

## DELIVERING BETTER VALUE PROGRAMME

20. The Department for Education (DfE) acknowledges the pressures which local systems are experiencing delivering special educational needs and disability (SEND) services. It's 'Delivering Better Value in SEND programme' is aiming to support local authorities to improve delivery of SEND services for children and young people while ensuring services are sustainable. This optional programme is currently providing dedicated support and funding to 55 local authorities – chosen based on those with the highest deficits as at 2020-21.
21. Since the last update presented at the Schools Forum meeting in November 2023 Stockton Council has completed the diagnostic element of the Delivering Better Value (DBV) programme and has applied for and been awarded an allocation of £1m over the next three years for investment in various projects to aid the delivery of the programme.
22. The main focus of the programme will be on the delivery of three main projects.

### Project 1 – Data visibility and Improvement Cycles

23. This workstream has been created to address one of the challenges identified in the diagnostic stage related to data availability and quality.

## **Project 2 – Post 16 Transition**

24. The main focus of this project is to develop Post 16 provision in partnership with a local mainstream FE provider, to establish support within area, where there are currently gaps. This provision will also support those who have been educated in special school to have an appropriate transition from Year 11 into mainstream college (who may previously have stayed at special school until age 19).

## **Project 3 – ASD, SEMH & Mental health Absence prevention (EBSA)**

25. The main focus is to develop a local area offer and response to pupils who have Emotional School Based Avoidance (EBSA), relating to autism, anxiety or social, emotional and mental health needs which prevent them from accessing school.

26. To support the programme three dedicated posts have been created.

- DBV Team Manager
- DBV Project Support Officer
- Parent/Carer engagement caseworker

The Team Manager post and project support officer post have both been appointed to and verbally accepted and both posts are pending appropriate clearance via HR. The parent caseworker is currently in the recruitment phase.

## **RISK**

27. There are a number of key challenges for the Council in meeting its statutory duty to secure, as far as is possible, sufficient provision for children with additional needs:

- a. Market 'failure' – nationally the residential children's home 'market' is currently under examination by the Markets and Competition Authority based on concerns about the effectiveness of the market. An initial report has been published which identifies significant issues with the operation of the market currently;
- b. Demand for places currently significantly outstrips supply;
- c. The market is currently provider led
- d. The market is increasingly becoming dominated by similar types of provision, driven by financial considerations and the impact of regulation;
- e. Securing the right provision for the right price
- f. There are emerging challenges for both public and private sectors around finding sufficiency quality staff to support provision;
- g. Community opposition to new development.

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