

<b>Committee:</b>	Schools' Forum
<b>Meeting Date:</b>	30th November 2021
<b>Title:</b>	High Needs Funding and DSG Deficit Recovery Plan for Suffolk
<b>Author:</b>	Gemma Morgan
<b>Decision making / consultative / information:</b>	Decision Making and Information
<b>Who can vote?</b>	All Members with Voting rights

### **Decision Making and Information**

1. To share with Schools' Forum the current spending of the 2021/22 High Needs Block allocation and comparison to the last financial year.
2. To explain Suffolk's High Needs Block allocation in relation to our Statistical Neighbours.
3. To share with Schools' Forum the updated DSG Deficit Recovery Plan. This plan will be shared with Forum on a termly basis.
4. Schools Forum are required to vote annually to agree the continued contribution of 0.5% of the Schools Block to the DSG High Needs Deficit.

### **Reason for recommendation**

5. To inform Schools' Forum of the current level of spending of the High Needs Block. Also, to show a comparison to Suffolk County Council's Funding allocation in relation to other Local Authorities of a similar nature.
6. The DSG Deficit Recovery Plan takes into account that Schools' Forum agreed a 0.5% contribution of the School's Block to contribute to the High Needs deficit recovery. This contribution needs to be agreed by Schools Forum on an annual basis and the plan shared with Forum on a termly basis.

### **Who will be affected by this decision?**

7. This situation affects all education providers in Suffolk.

### **Main body of the Report**

8. **High Needs Funding Current Spending**

Suffolk has seen an unprecedented rise in requests for placement with Specialist Settings with the Special Education Panel seeing between 60-120 new referrals on a weekly basis. When comparing autumn and spring terms over the past 2 academic years the number of requests has gone up by over 32%.

9. The Table below demonstrates how the High Needs Funding allocation is being spent in this financial year. It also compares the increase in spend from the previous year:-

<b>Subjective</b>	<b>2021/22</b>	<b>2020/21</b>	<b>Difference</b>	<b>% Change</b>
Recoupment for Specialist Placements by the DfE	£21,397,169	£18,527,836	£2,869,333	15%
Independent and Non-Maintained Settings	£14,300,000	£13,528,000	£772,000	6%
High Needs Additional Places	£3,324,440	£3,418,000	£-93,560	-3%
Alternative Tuition	£1,025,000	£979,958	£45,042	5%
Alternative Provision Contract	£1,648,492	£1,495,494	£152,998	10%
Bespoke Packages	£1,130,408	£512,100	£618,308	121%
Academy and Mainstream School Top-Ups	£11,616,041	£10,794,184	£821,857	8%
Special School Top-Ups	£14,250,832	£12,249,275	£2,001,557	16%
PRU Top-Ups	£5,830,396	£6,112,775	£-282,379	-5%
FE Provision Top-Ups	£4,071,354	£3,391,625	£679,729	20%
Specialist Education Services	£3,653,213	£3,112,325	£540,888	17%
Additional Costs due to CSSB Reduction	£946,415	£486,447	£459,968	95%
Contingency and TPP*	£1,551,327	£239,130	£1,312,197	549%
Other	£2,615,772	£2,309,024	£306,748	13%
<b>Total</b>	<b>£87,360,859</b>	<b>£77,156,173</b>	<b>£10,204,686</b>	<b>13%</b>

Table 1 \*Budget increased to include Teacher Pay and Pension Payments in 2021/22

10. As you can see from Table 1 the highest volume of additional funding this financial year is being spent on Special School Top-ups. This equates to an overall additional cost for 2021/22 of £2,001,557. This is due to the opening of new special schools across Suffolk, as well as existing Special Schools taking on additional pupils to support with the growth in demand.
11. Although some of the increase was predicted previously the increase in demand has meant that the majority of the High Needs Budgets are under pressure this financial year.
12. An increase in requests for bespoke packages, for those children with the highest level of need, has increased by over 100%. These are packages outside of the commissioned local offer and include placements at settings such as care farms, therapeutic providers and individually tailored provision. This demonstrates that it is not just the volume of CYP with SEND needs that

is increasing but also the level of support that is needed.

13. The costliest placements are within our Independent and Non-Maintained Special School settings (Independent and Non-Maintained). Although we are trying to ensure that this spend is kept to a minimum an increase in the budget has been required this year to allow for fee increase, teacher pay & pension contributions as well as inflationary increases.
14. There has been a dramatic increase in request for High Needs Funding from our Mainstream Schools in the Summer Term. We have particularly seen an increase in requests relating to those with mental health needs. In Summer 2020 we received just over 100 new requests for High Needs Funding compared to Summer 2021 where we had almost 400. We have noticed an increase of requests directly relating to COVID and have allocated temporary funding to address these needs.
15. There has also been an increase in requests for High Needs Funding Band changes from the Special Schools in the Summer term, whereas no applications for new bands was requested in the Spring Term. We received 58 requests for Band increases and of these 15 were for Band I (the highest band level where a child needs in excess of £16,000 worth of support).
16. In summary we will see an increase in top-up funding to our mainstream settings, FE Providers and Special Schools of £3,505,143 from 2020/21 to 2021/22.
17. The below table demonstrates the increase of placements within the local offer and the increase in number of Children and Young People supported by High Needs Funding:-

<b>Number of Placements in Settings</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Percentage Increase</b>
Special Schools	1256	1415	13%
Specialist Units and Small Groups	342	497	45%
Post 16	667	747	12%
PRUs	430	430	0%
<b>Total</b>	<b>2695</b>	<b>3089</b>	<b>15%</b>
<b>Children with a High Needs Funding Band in Mainstream Schools</b>	2941	3235	10%
<b>Independent Non-Maintained Special Schools</b>	290	290	0%
<b>Total Children Receiving High Needs Funding</b>	<b>5926</b>	<b>6614</b>	<b>12%</b>

## 18. Suffolk's High Needs Block (HNB) Allocation

In comparison to both its statistical and regional neighbours, based on how the HNB is calculated by the DfE, Suffolk has been under-funded within its High Needs block since the introduction of the DSG funding blocks in 2018/19.

19. The data used by the Department for Education (DfE) to calculate the High Needs Block is based on the following factors:-
  - a. Basic Entitlement
  - b. Proxy Factors (DLA, KS3&4 Low Attainment, FSM, Income Deprivation and children in bad health)
  - c. Historic Spend factor
20. The Historic Spend factor of the calculation is the component that results in Suffolk not receiving a fair level of funding in comparison to equivalent Local Authorities. The data used is taken from the 2017/18 planned spend where Suffolk planned they would remain within their actual budget rather than appreciate their true level of spend.
21. The DfE used this estimated figure as a benchmark to demonstrate how much funding was required regardless of impending demand. They did not look at how many children were supported with the funding, how accurate the actual spend was or how the spend has increased in more recent years.
22. If Suffolk were funded in line with its statistical neighbours, the High Needs Block would be increased in 2021/22 by £4.7m. This would mean we would receive exactly the same funding per pupil as per the 2-18 population. This figure assumes that we would receive the same averages for all factors.
23. Suffolk currently receive £575 per pupil as per 2-18 population, on average our statistical neighbours receive £607 per pupil and the regional average is £633 per pupil.
24. Despite being funded at a higher rate per pupil, other Local Authorities are still in a deficit position with their High Needs Block. If we take Norfolk as an example, they are funded at a much higher rate than Suffolk (£46 per pupil (2-18 population) more). However, they currently have a High Needs Block Deficit of £32m and this is expected to increase to £45m by the end of this financial year.
25. The DfE recently undertook a consultation on the way they calculate the High Needs Block, which Suffolk County Council responded to. We suggested that the most up to date data available was used to calculate the funding.
26. After consultation the DfE have settled on using 2017/18 actual spend as a measure rather than the 2017/18 predicted spend (unfortunately not considering the most recent data available), this resulted in Suffolk receiving a very low settlement adjustment figure. The disparity between Suffolk and Norfolk continues to grow even further.

27. The DfE agreed to increase all budgets by at least 8%, Suffolk received 8.08%. This was a lower settlement amount than we were expecting.
28. When we came to Schools Forum in November last year, we outlined a proposal which demonstrated that Suffolk could recover the deficit within the 5-year period and be at least at a break-even position. However, the assumptions used last year have not come to fruition. In fact, the reality is significantly different due to the increase in demand, need and severity of the children and young people requiring specialist provision.
29. We acknowledge that the deficit is not going to be recovered in the 5-year period however we are not asking schools to put in more than 5 years' worth of the 0.5% contribution. We accept that after the 5-year period we may still be in a deficit position but at this time we cannot make any further recommendations to fund that deficit.
30. Our expectation is that our funding will be increased to address the deficit. We remain optimistic that government will recognise the funding that Suffolk requires and will work with us to avoid any additional transfer after the 5-year recovery period.
31. We will however look to review the plan before the 5-year period is up and will continue to report to Schools' Forum on the 0.5% contribution from the Schools Block. We need to take the next year to do further analysis on demand and look at the output of the recent SEND Independent review and its implications.
32. We are currently working with our Strategic Partner IMPOWER to develop an evidence-based approach to look at demand across the system. We will work with them on a collective methodology to support us address the rise in demand and the ability to identify future trends.
33. We continue to work with our Cabinet Member to lobby Government for a fairer funding position for Suffolk. Relevant data has been shared by Finance with Cabinet Members and Councillors to ensure they have the information they need to demonstrate the case that Suffolk is an under-funded local authority.
34. Members of Forum need to be aware that until the DfE increases Suffolk's funding to bring it in line with its demand, including flexibility to offset the growing deficit, Suffolk will continue to overspend within their High Needs Block.

### **35. Dedicated Schools Grant Deficit Recovery Plan**

The latest version of the DSG Deficit Recovery Plan is currently being updated and is available as a separate document for information.

36. The DSG: conditions of grant 2020 to 2021, requires that any LA with an overall deficit on its DSG account at the end of the 2019 to 2020 financial year,

or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the Department for Education (DfE) for managing their future DSG spend.

37. The DfE request that the plan be shared with Schools' Forum on a termly basis.

38. Schools' Forum are asked to vote on the continuation of the 0.5% contribution to the High Needs Block Deficit Recovery, from the Schools Block.