

<b>Committee:</b>	Schools Forum
<b>Meeting Date:</b>	30 June 2022
<b>Title:</b>	High Needs Funding and Additional High Needs Funding
<b>Author:</b>	Gemma Morgan, Head of SEND Funding and Provider Services
<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 the expected spend for 2022/23.
2. To share with Schools' Forum information regarding the 2022/23 Additional Funding received from the Department for Education (DfE) and ask Schools Forum to vote on the use of this funding.
3. Inform Schools Forum of Delivering Better Value in SEND.

### **Reason for recommendation**

4. To inform Schools' Forum of the current level of spending of the High Needs Block and share the future predicted spend for 2022/23.
5. The DfE have provided all Local Authorities with additional funding to support growing costs. A decision needs to be made as to whether this funding is passed onto Special Schools to support their growing National Insurance (NI) costs. This funding is paid separately this year but will form part of the High Needs Block (HNB) of the Dedicated Schools Grant (DSG) next year.

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

6. This situation affects all education providers in Suffolk.

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

#### **7. High Needs Funding Current Spending**

8. As presented at the last Schools Forum, Suffolk has seen an unprecedented rise in requests for specialist placement over the last 12 – 18 months, as well as a sharp rise in the number of children within mainstream schools requiring High Needs Top Up Funding to support their education.

9. The below table demonstrates the provisional final position regarding the spend in Inclusion Services in 2021-22:

Row Labels	Sum of Grand Total	Sum of 21-22 Outturn	Sum of Variance
Top-Up payments	£32,928,133	£37,386,407	-£4,458,274
High Needs Places - Academies	£21,397,169	£21,397,169	£0
Independent Schools	£14,250,000	£14,605,410	-£355,410
High Needs Places	£8,179,453	£8,709,684	-£530,231
Bespoke and Targeted Support	£1,309,000	£3,218,096	-£1,909,096
Alternative Provision	£2,867,553	£2,777,688	£89,865
Personal Budgets - Short Breaks	£2,312,955	£2,397,746	-£84,791
Sensory Services	£1,812,966	£1,953,570	-£140,604
CISS/SES	£2,102,919	£1,872,417	£230,502
Psychology	£1,708,626	£1,843,223	-£134,597
Central Support	£1,443,091	£1,796,801	-£353,711
Family Services	£1,941,782	£1,790,098	£151,684
LSA Schemes	£236,710	£249,782	-£13,072
Equipment	£240,000	£240,000	£0
CAMHS	£170,100	£170,000	£100
Dyslexia	£111,584	£157,875	-£46,291
Covid Grant	£96,948	£96,948	£0
Reform Developments	£3,407	£3,407	-£0
<b>Grand Total</b>	<b>£93,112,396</b>	<b>£100,666,321</b>	<b>-£7,553,925</b>
<b>Funded by:</b>			
Core Funding/Reserves/Covid Grant	£6,824,652	£7,022,169	-£197,517
DSG High Needs Block	£85,904,748	£93,261,156	-£7,356,408
CSSB/De-delegated (DSG)	£382,996	£382,996	£0
<b>Total Budget</b>	<b>£93,112,396</b>	<b>£100,666,321</b>	<b>-£7,553,925</b>

Table 1

10. As Table 1 demonstrates there has been a considerable increase in the High Needs Top-up payments. In the autumn term 2021 over 900 requests for High Needs Funding from mainstream schools were moderated. Of these 666 requests were agreed with an annual cost of £2,244,400. This is in line with the number of requests received in autumn 2020, which demonstrates that this increase in demand for specialist provision has now a two-year trend. This needs to be considered when looking at the funding required for 2022/23.

11. It must also be noted that 187 requests for increases in bands were received which again is similar to 2020 and results in increased annual payments of £427,100.

12. Requests to decrease bands were also received which saw a saving of £137,700.

13. Transitional Protection was introduced in 2019/20 to transition all of the existing Special Schools and Pupil Referral Units onto the new banding system. TP was agreed by Schools Forum and takes place over the period of 5 Years, this was introduced to cushion both the increase and decrease in funding that settings would experience. TP will come to an end in 2023/24.

14. In Autumn 2020 40 pupils in Special Schools across Suffolk received Band I funding. Band I funding is the highest Level of High Needs banded funding, and is given to children and young people who require more than £16,000 worth of support

to access education. The total cost of this funding was £941,430 and was subject to 70% Transitional Protection (TP). Without this TP the costs of these placements would have been £1,228,368, and as we move towards the end of the 5 Year TP this will grow.

15. In Autumn 2021 this grew to 73 pupils in Special Schools, costing £1,794,320 with 75% Transitional Protection (TP). (Without TP the costs of these placements would have been £2,133,324).

16. The table below shows the growth in Band Is:-

<b>Band Is</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Difference</b>	<b>Percentage</b>
Number of Pupils	40	73	33	83%
Cost incl. TP	£941,430	£1,794,320	£852,890	N/A as at different TP Rates
Cost excl. TP	£1,228,368	£2,133,324	£904,956	74%

Table 2

17. Top up funding has also increased in both the Special Schools and with the FE Providers. This again is due to a rise in demand and the number of places our providers have been able to offer over the last academic year.

18. Children and Young People requiring a bespoke package of specialist provision, has also increased significantly. In most cases this is our most expensive provision for those with the highest level of need. Bespoke packages are commissioned outside of the local offer and are individually tailored to meet the needs of the individuals.

19. With both the increase in band requests and the number of bespoke packages required, it is evident that it not just the volume of children and young people that need Specialist provision it is also the level of need that has increased.

20. Although the children in independent settings has only grown by 6% we have seen a rise in the length of time that children are staying in these settings, this is due to the growth in demand for places within the local offer and the inability of us to move children back into the local offer. Spend is also higher due to the needs of the children in these settings and the requirement for them to access additional therapies and support, beyond the core offer of these settings.

21. The below table gives an updated picture of 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	741	11%
PRUs	430	476	11%
<b>Total</b>	<b>2695</b>	<b>3129</b>	<b>16%</b>
Children with a High Needs Funding Band in Mainstream Schools	2941	3572	21%
Independent Non-Maintained Special Schools	290	308	6%
<b>Total Children Receiving High Needs Funding</b>	<b>5926</b>	<b>7009</b>	<b>18%</b>

Table 3

## **22.High Needs Funding Allocation 2022/23**

- 23.Suffolk's High Needs Block has increased to £96,107,000 for 2022/23 which is an increase of 11.9%. The DfE have yet to confirm if increases will continue in future years.
- 24.It is nationally recognised that the High Needs system is broken, and we are optimistic that the recommendations from the SEND Review will ensure that some of the issues faced by the system can be resolved.
- 25.The review has now been published and gives clear recommendations regarding the high needs funding. Although the detail is yet to be finalised and the report is currently out for consultation, there is a recommendation to standardise High Needs Funding by having National Funding Bands.
- 26.The proposals will see a new national framework of banding and tariffs. Bands will cluster specific types of education provision (aligned to needs) set out in new national standards. Tariffs will set the rules and prices that commissioners use to pay providers for example, pricing attributed to specific elements of provision such as staffing.
- 27.The intention is to have a national framework of national funding bands with the potential to establish a more consistent basis for funding the provision, this would address the concerns about the inconsistency in current local authority arrangement.
- 28.The national bands and tariffs would apply across the breadth of education provision in the SEND system, including places in independent specialist provision, providing a more consistent basis for commissioning and funding of provision.
- 29.All specialist providers will need to ensure the provision they offer is in line with the national SEND standards if they are to continue receiving placements funded by the local authority.
- 30.With all of this in mind and despite a significant increase it is unlikely that SCC can continue to support all of the children and young people across Suffolk with SEND needs without falling into further deficit, until these recommendations are established.
- 31.The below table predicts, based on the growth seen in 2021/22, what the high needs block will be spent on in the next 12 months:-

Row Labels	Sum of FULL YEAR BUDGET AMOUNT						
	Sum of Core Funding	Sum of Reserves	DSG High Needs Block Forecast	Sum of DSG Schools Block (de-delegated)	Sum of DSG CSSB	Sum of Grand Total	
Top-Up payments			£44,711,308			£44,711,308	Increase to cover demand and additional places within the Local offer
High Needs Places - Academies			£23,236,000			£23,236,000	Recouped by DfE to cover place funding in Academies
Independent Schools			£15,000,000			£15,000,000	Increase to cover demand
Additional High Needs Places/TPG			£7,065,327			£7,065,327	Increase to cover demand and £500k for DSG Staffing costs
Alternative Provision			£2,973,708			£2,973,708	Increase to bring in line with previous years spend
Bespoke and Targeted Support			£2,108,810			£2,108,810	Increase for growth in bespoke packages required
Personal Budgets - Short Breaks	£2,324,588		£255,949			£2,580,537	Increased demand for Personal Budgets
CISS/SES	£99,126	£75,529	£1,834,751	£293,173	£89,823	£2,392,402	Outreach Service moved into SES
Sensory Services			£2,228,535			£2,228,535	Increase to meet demand
Central Support	£805,445		£409,603			£1,215,048	£600k from reserves provided in 2021/22 for additional staff
Psychology	£1,868,547		£408,180			£2,276,727	Additional staffing
Family Services	£1,729,787		£192,199			£1,921,986	
Reform Developments		£357,581				£357,581	
Equipment			£240,000			£240,000	
LSA Schemes			£300,710			£300,710	Extra SPLSA and Care Coordinator
CAMHS			£170,100			£170,100	
Dyslexia			£0			£0	Moved to SES
Additional High Needs Funding			£220,000			£220,000	
Additional Staffing Funding (£1.1m)	£1,100,000					£1,100,000	
<b>Grand Total</b>	<b>£7,927,493</b>	<b>£433,110</b>	<b>£101,355,180</b>	<b>£293,173</b>	<b>£89,823</b>	<b>£110,098,779</b>	
Academy Recoupment			-£23,236,000			-£23,236,000	
<b>Net SCC Budget</b>	<b>£7,927,493</b>	<b>£433,110</b>	<b>£78,119,180</b>	<b>£293,173</b>	<b>£89,823</b>	<b>£86,862,779</b>	
<b>DSG High Needs Block</b>			<b>£96,107,000</b>		<b>-£5,248,180</b>		

Table 4

32. Table 5 shows the predicted growth and the increase in places created within both new and established settings for academic year 2022/23:-

Number of Placements in Settings	2020/21	2021/22	Percentage Increase	Available Places 2022/23	Percentage Increase	Required Places If Trends Continue	Trend Percentage Increase
Special Schools	1256	1415	13%	1541	9%	1599	13%
Specialist Units and Small Groups	342	497	45%	610	23%	721	45%
Post 16	667	741	11%	815	10%	823	11%
PRUs	430	476	11%	476	0%	528	11%
<b>Total</b>	<b>2695</b>	<b>3129</b>	<b>16%</b>	<b>3442</b>		<b>3670</b>	<b>16%</b>
<b>Children with HNF in Mainstream Schools</b>	2941	3572	21%	3929	10%	4322	10%
<b>Independent Non-Maintained Special Schools</b>	290	308	6%	308	0%	326	6%
<b>Total Children Receiving High Needs Funding</b>	<b>5926</b>	<b>7009</b>	<b>18%</b>	<b>7679</b>	<b>8%</b>	<b>8319</b>	<b>18%</b>

Table 5

33. The table also demonstrates how many places Suffolk will need if the current trends continue at an overall percentage increase of 18%

34. In order to reduce our deficit, the only option SCC would have is to reduce the amounts paid for individual children and young people's High Needs Top-Up funding. Although this will reduce the local authority's cost pressure it would put additional pressure on our school system.

35. As School Forum members are aware the SEND System relies on mainstream schools supporting children with High Needs funding. When more specialist placements are requested that creates a higher demand on the system.

### **36. Additional High Needs Funding**

37. Following the autumn spending review the DfE announced the provision of extra funding for schools and high needs. These allocations are on top of the DSG high needs block allocations shown in the DSG published allocations 2022 to 2023 but are subject to the same DSG conditions of grant.

38. This extra funding recognises the additional costs that local authorities and schools will face in the coming year, which were not foreseen when the original high needs block allocations were calculated, including the Health and Social Care Levy, that will be applied initially through increased national insurance contributions from employers.

39. The additional funding also considers that providers offering extra hours of study to students with high needs may require extra high needs top-up funding to support those students.

40. Local Authorities have been given the responsibility to decide how this additional funding will be used, and each local authority has decided to take a slightly different approach.

41. After discussions with members of the High Needs Working Group, it has been suggested that a proportion of the funding be used to support Special Schools and Pupil Referral Units with their increased costs for their contributions to increased National Insurance.
42. This proportion is calculated by taking the average staffing costs within a specialist setting, the proportion of those who are above the National Insurance weekly threshold and applying a 1.25% increase for National Insurance.
43. Therefore, each Special School and Pupil Referral Unit would receive £97.22 per commissioned place. This would be a total cost from the High Needs Block of £220,000.
44. The remainder of the additional funding will be used to pay for the reduction in transitional protection and the move towards all settings receiving the same amount for the pupils' bands by 23/24, the increase in demand and need across the system, the development of both new schools and units in Suffolk, and the additional support required by all settings to ensure the children of Suffolk receive the education they need.
45. The DfE have confirmed that they are allowing all Local Authorities to distribute this funding at their discretion. They acknowledge that the sector has a number of concerns about this but are not publishing any further guidance at this point. However they are looking at it closely and will make a further decision about how the funds are distributed ahead of 2023/24.
46. Therefore we would like to ask Schools Forum to make a decision today and vote on whether they agree for Special Schools and Pupil Referrals Units to receive this payment as an annual contribution towards increased NI costs, as outlined above.

#### **47. Delivering Better Value (DBV) in SEND**

The Department for Education (DfE) have announced that they will work with Local Authorities across the Country to support delivering better value in SEND. DBV is a new programme, that together with the safety valve programme, is part of the DfE's support package to help local authorities maintain effective SEND services while functioning sustainably. The programme will run in 3 tranches.

48. The Send Review has looked at how to improve the SEND system so that it provides more consistent, high quality, and integrated SEND services across education, health and care. It is also considering measures to make sure that money is being spent fairly, efficiently and effectively, and that the support available to children and young people is sustainable in the future. The DfE are working with children, young people, their families and experts across education, health and care to deliver a common goal of improving the SEND system.
49. The Review has now been published and is currently out for consultation. The review recommends a national banding system as well as a more standardised approach to Education, Health and Care Plans. Both of these recommendations will hopefully result in a fairer funding model for Suffolk taking into account the need and demand for Specialist Education across Suffolk.

50. The DBV programme aims to relieve some of the pressure in the system (in the short-term, before the more comprehensive and systemic SEND Review reforms are enacted) by supporting LAs to provide high quality SEND services that work and are sustainable and affordable so they are better-placed to meaningfully implement the recommendations of SEND review when they come into place.
51. Suffolk have been approached to be involved in the Delivering Better Value in SEND programme and are part of the first tranche.
52. In June, the DfE will formally announce: the launch of the programme including the details of the Delivery Partner who will provide strategic project management and change management services; and Membership of the DBV Sector Steering Group (SSG), which will jointly monitor programme delivery alongside the Department, providing regular feedback to the sector, and ensuring appropriate challenge, support and assurance of the programme.
53. As the programme progresses Schools Forum will be regularly updated.