

<b>Committee:</b>	Schools' Forum
<b>Meeting Date:</b>	30 <sup>th</sup> November 2023
<b>Title:</b>	High Needs Funding Update
<b>Author:</b>	Gemma Morgan, Head of SEND Funding and Provider Services
<b>Decision making / consultative / information:</b>	Information and Decision Making
<b>Who can vote?</b>	All Schools Forum Members

**Decision Making and Information**

1. To share with Schools' Forum the trajectory data demonstrating the increase in spend if demand continues to rise.
2. To share with Schools' Forum the increase in requests for High Needs Funding in the mainstream sector.
3. To share with Schools' Forum the current position of the High Needs Block (HNB) budget.
4. To ask Schools Forum to vote on the continuation of the 0.5% contribution to the High Needs Block Deficit Recovery, from the Schools Block

**Reason for recommendation**

5. To demonstrate to Schools' Forum the impact on the High Need budget if the demand continues to grow at the same pace as we have seen over recent years, and to identify what future funding from the DfE might look like.
6. To update Schools' Forum on the increase in demand for High Needs Funding (HNF) from mainstream schools across Suffolk.
7. To share with Schools Forum the latest position regarding the spend on the High Needs Block budget.

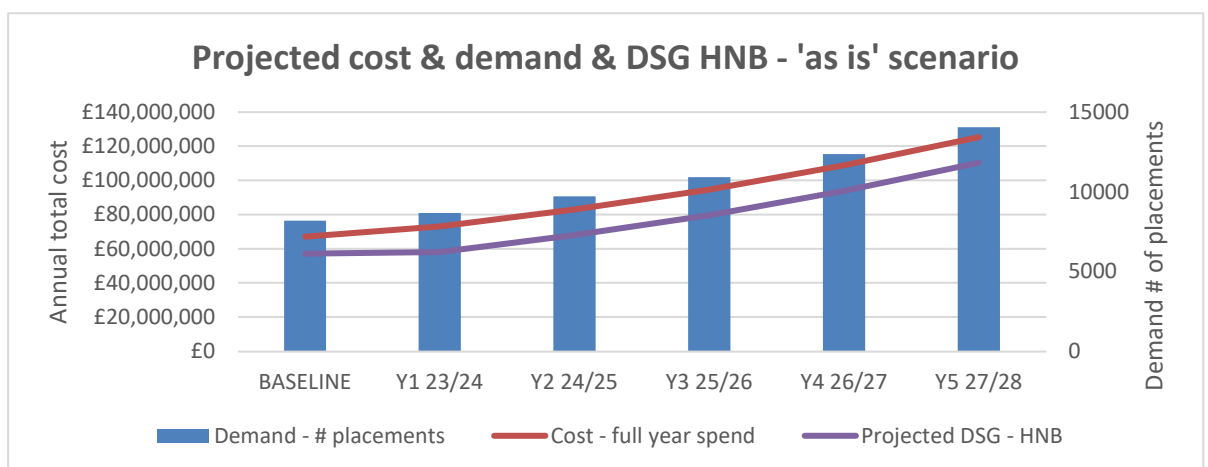
**Who will be affected by this decision?**

8. This situation affects all education providers in Suffolk.

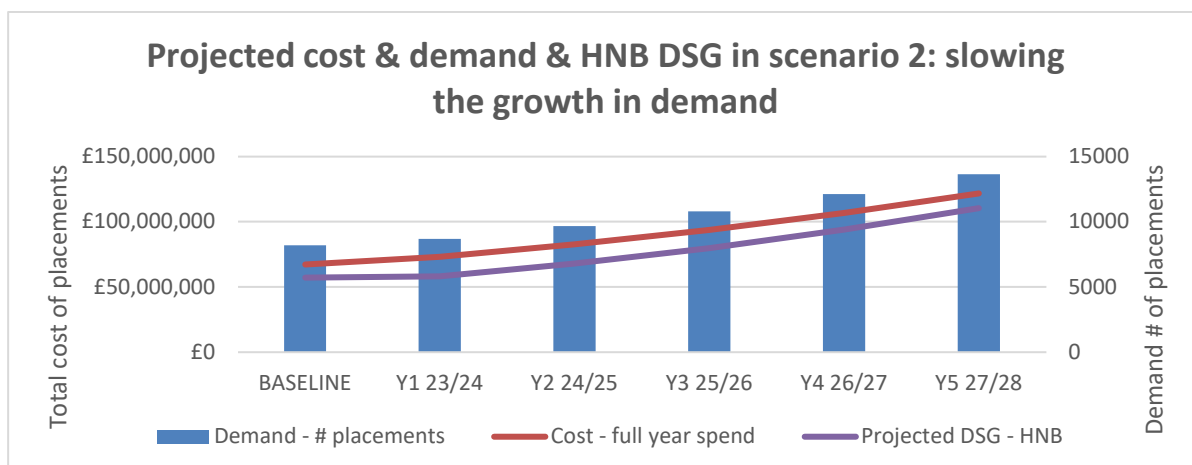
## Main body of the Report

### High Needs Funding Future Trajectories

9. Suffolk County Council have worked with a strategic partner during 2021-2023 to model what the spend on high needs funding will look like over the next 5 years if demand continues to grow.
10. The below graph models the growth in demand and cost based on the current patterns and profiles of demand and placement mix. Growth is assumed at 15% increase in requests for HNF and a 9% increase in Education, Health and Care Plans (EHCPs), both actuals for the last year.



11. This scenario shows the numbers of placements increasing from around 8,200 to 14,000 over the next 5 years and SCC spending approximately £58m more on an annual basis than it is currently.
12. A second trajectory model has also been developed which considers a reduction in 'new' demand coming into the system. This would be achieved if we introduce additional early intervention measures, develop the programme we have in place following the Delivering Better Value (DBV) grant funding and therefore reduce the number of children who require high cost provision. The model assumes a 13% increase in requests for HNF and this is demonstrated in the below graph:-



13. This scenario shows an increase in placements from 8,200 to 13,500 and SCC spending approximately £54m more on an annual basis than currently. These scenarios can continue to be modelled in the future as we continue to monitor the increase in demand.

14. Both graphs include a projected Dedicated Schools Grant (DSG) HNB allocation and purple line on both the above graphs shows a considerable gap between funding and spend.

### Mainstream Schools – Requests for High Needs Funding

15. The summer term moderation was finalised ahead of the summer break, and the requests for funding have been analysed and compared to previous years.

16. Requests for new and changing bands continue to be high as the demand for high needs funding continues to grow. The below table shows a comparison for the past three years summer term moderation, and the number of requests received from mainstream schools:-

	Summer 2021	Summer 2022	Summer 2023
Moderated New	272	266	382
Moderated Increases	99	129	182
Decreases	25	28	19

17. This data demonstrates a 43% rise since the last academic year and a 40% increase over the three year period for new requests. For requests to be increased there has been a 41% increase across the last two academic years and an increase of 83% increase since summer 2021.

18. Analysis of the level of bands requested has also been undertaken. You can see from the below tables that the level of need has not necessarily

increased with the split of bands remaining relatively consistent, however it is the sheer volume of requests which continues to increase.

<b>Summary of Moderated New Bands</b>				
<b>Band</b>	<b>Summer 22</b>		<b>Summer 23</b>	
<b>Band A &amp; B</b>	35	13%	40	10%
<b>Band C</b>	99	37%	143	37%
<b>Band D</b>	78	29%	133	35%
<b>Band E</b>	40	15%	41	11%
<b>Band F</b>	11	4%	18	5%
<b>Band G</b>	2	1%	7	2%
<b>Band H</b>	1	0%	0	0%
<b>Total</b>	<b>266</b>		<b>382</b>	

### High Needs Block (HNB) Budget

19. The below table shows the current position of the HNB budget as at Q2 of the academic year. There is currently an overspend of £24,667,312 forecast:-

<b>Budget 23/24</b>	<b>£88,200,753</b>
Full year Forecast	£112,868,065
Variance	<b>-£24,667,312</b>

20. The following table shows a comparison of how funding was spent last financial year and how it is being forecast for this year:-

	<b>Actual Spend 2022/23</b>	<b>Full Year Forecast 2023/24</b>	<b>Variance</b>
<b>Inclusion Budgets</b>			
Specialist Education Services and Therapies	£6,423,432	£8,314,444	£1,891,011
Contracted Services, Additional Places and Support	£5,483,126	£5,268,011	<b>-£215,115</b>
Provider Support, Family Support and Management	£4,737,587	£5,565,648	£828,061
Top-Up Funding	£45,566,900	£52,828,027	£7,261,127
Independent Placements	£18,827,354	£27,000,000	£8,172,646
Personal Budgets, Short Breaks & Comms	£2,824,806	£2,950,815	£126,009
Bespoke Packages	£4,283,693	£5,686,215	£1,402,521
Educational Psychology	£2,492,770	£2,663,687	£170,917
AP Transport and Hospital Tuition	£223,253	£460,089	£236,836
Teacher Pay and Pensions	£2,091,129	£2,091,129	£0
Corporate Support for SEND	£0	£40,000	£40,000
	<b>£92,954,052</b>	<b>£112,868,065</b>	<b>£19,914,013</b>

21. The increase in forecasted spend in the DSG budget is due to additional pressures in the system particularly regarding the costs of placements within independent settings, these are the most costly settings and the demand for these has grown over the last quarter. It was anticipated that the budget required would be 17% more than the previous year but in reality the costs are 43% higher than last year, with an increase in placement of 26%.
22. The costs per place have considerably increased and the market are dictating these prices. We are seeing both an increase in starting fees as well as an increase in requests for fee increases from the independent sector. We are currently investigating where the children newly placed within the independent schools were previously to see if we can identify where costs savings could be identified within other budget areas.
23. The demand on the bespoke budget continues to be high, and we have seen an increase of placements. We are predicting an increase in budget of 33% and a rise in placement numbers of 21%. This will fluctuate across the academic year and will be updated as we move into the spring and autumn terms.
24. The significant increase in overspend means that the DSG HNB deficit will be close to £50 million by the end of this financial year. The large increase in spend in this financial year reflects an increasing number of young people who are now suitably placed, with only a very few number without any education provision. As described previously, Suffolk, like many other local authorities, is seeing a continuous increase in demand which is not being met by the same level of increase in funding.
25. The below tables show the spend on Bespoke and Independent settings over the past three years:-

	2021/22		2022/23		2023/24	
<b>Budget</b>	<b>Spend (£)</b>	<b>CYP Supported</b>	<b>Spend (£)</b>	<b>CYP Supported</b>	<b>Spend (£)</b>	<b>CYP Supported</b>
<b>Independent</b>	14,605,410	311	18,827,354	373	27,000,000	464
<b>Increase %</b>			29%	11%	43%	24%
<b>Bespoke</b>	1,804,387	174	4,283,693	327	5,686,215	396
<b>Increase %</b>			137%	88%	33%	21%

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

26. The DSG: conditions of grant, 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.
27. The DfE request that the plan to be shared with Schools' Forum on a termly basis and the latest version is included within the papers for this meeting.
28. In November 2021 Schools Forum agreed to contribute towards the HNB deficit. Today Schools Forum are asked to vote on the continuation of this 0.5% contribution to the deficit recovery, from the Schools Block. The provisional figure for the transfer is £2.675m.