

Schools Forum – 21st March 2024

High Needs Block update

Executive Summary:

- The forecast outturn for the 2023/24 High Needs Block is a £21m overspend (c £1m higher than the position last reported at Q3)
- At the end of the last financial year the DSG reserve went into deficit by c £14.2m and this will deepen to more than £30m given the expected overspend in 2023/24.
- Additional Government funding next year will see Staffordshire's High Needs Budget increase to £132.4m; an increase of £5.4m (c 4%) compared with 2023/24 and in line with previous forecasts.
- The HNB budget 24/25 has been supplemented by a further 0.5% transfer from the Schools Block (c 3.2m) approved by the Secretary of State.
- The funding rise is insufficient to close the gap and it is likely that a further overspend will arise in 2024/25. None of this funding increase will be used to repay historical deficits.
- The Council will hold funding rates next year for all state funded special schools, on a like for like basis, in line with the Government set Minimum Funding Guarantee (MFG) of 0.0%.
- The new Education Banding Tool (EBT) was implemented in April 2022. During Summer 2023 the decision was made to suspend the EBT; SCC remains committed to the EBT and is currently undertaking a remodelling of both mainstream and specialist band values. SCC will continue to keep schools informed of progress going forward.

Recommendations:

That Schools Forum notes:

1. the High Needs Block budget update 2023/24 and latest forecast outturn
2. the proposed High Needs Block budget 2024/25

Report of Director for Children and Families

Background

3. The financial risk of the High Needs Block has been a standing agenda at Schools Forum. The increase in demand on the High Needs Block has been reported regularly. Pressures on the High Needs Block are on-going due to the continued increase in a range of areas. These include:
 - Additional needs requests
 - Increase in pupil numbers requiring EHCPs,
 - Extension of age group to 25 for those with EHCPs,
 - Increase in independent placements and costs,
 - Increase in Matrix funding for special schools,
 - The funding of increased numbers of pupils educated 'other than at school' (EOTAS)
 - Increase in the number of pupils permanently excluded (now exceeding pre-pandemic levels)

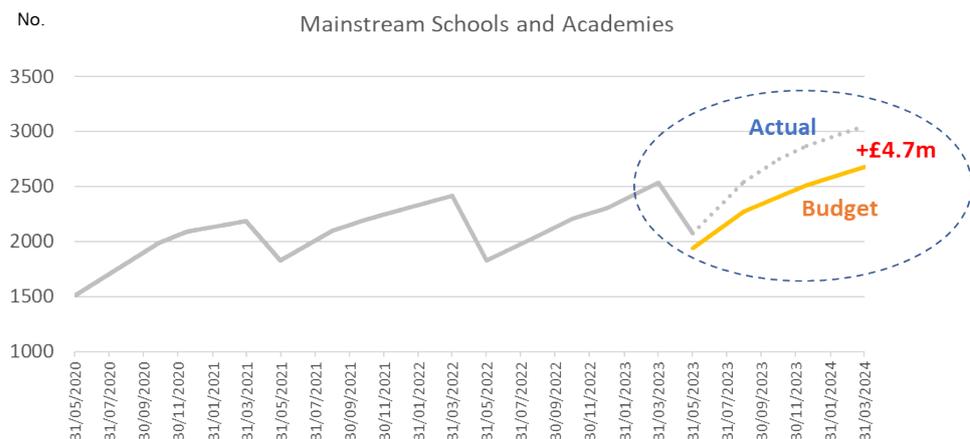
- Budget 2023/24 and Forecast

4. Despite additional Government funding this year, this is insufficient to close the funding gap and there remains a forecast overspend of c £21m in 2023/24 (c £1m higher than at Q3). The main areas of forecast overspend within the High Needs Block are outlined below and summarised in the following table. A more detailed overview of the High Needs Block budget is provided within Appendix A:

High Needs Budget 2023/24	Budget 23/24 £m	Outturn £m	Over / (Under) spend £m
Planned Places	35.0	35.0	(0.0)
Top Up Budgets	44.3	56.2	11.9
<u>Non Top Up Budgets</u>			
Independent Schools (Mainstream & Special)	29.3	38.0	8.7
Alternative provision (inc Hubs)	3.8	3.8	0.0
Post 16	5.5	6.2	0.7
Other	9.1	8.8	(0.3)
Total Net Spend	127.0	147.9	20.9
Total Funding	(127.0)	(126.9)	0.1
Net Outturn	0.0	21.0	21.0

5. Key variances arising

- i) An overspend of c £11.9m against the school 'top up' budgets, largely a result of:
- the number and rising cost of children with EHCP/AEN support in Mainstream Schools and Academies leading to a £4.7m overspend:



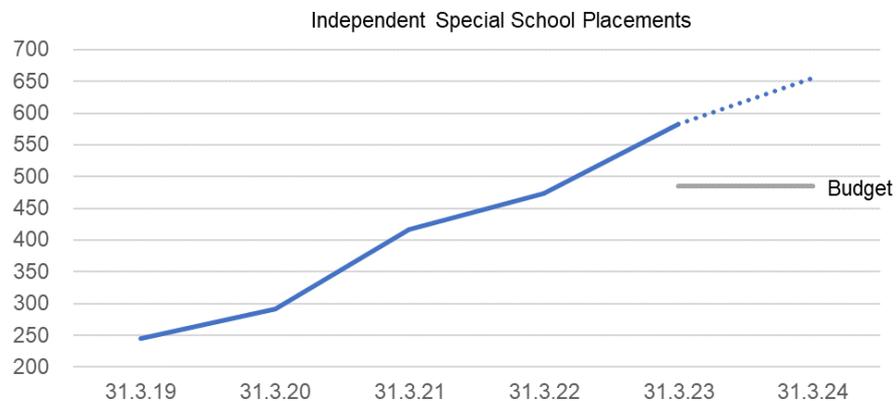
- An overspend of £5.3m in special schools and academies, arising as a result of both an increase in demand and a rise in the proportion of children receiving higher levels of top ups as a result of increasing needs:

		2023/24		
Top Ups	# fte		£m	
Matrix 1	338	19%	0.1	
Matrix 2	638	35%	1.0	
Matrix 3	825	46%	7.1	8.2
School Specific	1801			2.2
Additional Places				2.4
Enhancements				3.0
Exceptional Need				0.6
Residential				1.8
Adjustments (part time / backdated)				0.7
EBT (1-10)	668			7.5
EBT (school specific)				0.5
EBT (override)				0.2
Allowance for more growth				0.4
Total Spend				27.5
Budget				22.2
Variance				5.3

Average £/fte
0.008

Average £/fte
0.012

- An overspend of c £0.7m for Pupil Referral Units due to increasing numbers of pupil exclusions which are now exceeding pre-pandemic levels
- ii) An overspend of c £7.4m in Independent Special Schools; this is c £0.5m higher than previously forecast and reflects additional places/demand and increasing costs.



- iii) Other net overspends of c £1.7m, most significantly for Independent mainstream provision, alternative provision, Post 16 provision and Early Years (SEN Inclusion fund).
- High Needs Block Budget 2024/25
6. The Government have announced 2024/25 funding of £132.4m for Staffordshire's HNB, a net increase of c £5.4m compared with 2023/24 (4%). Whilst this increase is welcomed and is broadly in line with expectation, this is significantly lower than previous years and it is insufficient to close the existing funding gap. Staffordshire will continue to lobby for both additional funding and a fair and equitable

mechanism for addressing cumulative deficits that should not impact on the Council's already stretched general resources.

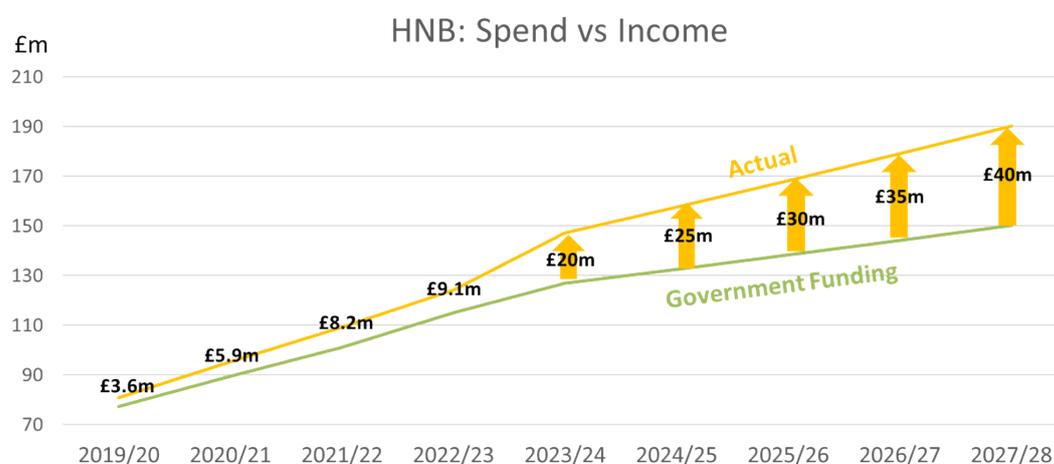
7. In 2022, given the accumulated (and growing) High Needs Block deficit, the Council brought forward a DSG 'deficit management plan' (DMP), outlining the actions that could be taken to address and mitigate the existing shortfall as far as possible. The DMP sits alongside wider service transformation plans and, working in partnership with Schools Forum, will be reviewed regularly throughout the year and going forward updated as and when decisions are made.
8. Alongside other actions within the DMP, the Council sought approval from Schools Forum for a 0.5% block transfer from the Schools Block to the High Needs Block for 2024/25; this is equivalent to c £3.2m and will be invested to fund the Council's transformation programme. Whilst acknowledging the pressure on high needs funding, Schools Forum did not support this request. The Council subsequently made a disapplication request to the Government for the transfer, which has been approved by the Secretary of State for Education.
9. As a result, and net of additional funding from the 0.5% funding switch, the total 2024/25 High Needs Budget is c £135.6m. It is Staffordshire's intention to pass on the budget increase in full next year for the provision of SEND support; none of this funding rise will be used to repay the historical deficit, which, at the end of the current financial year (23/24) will likely be more than £30m. Even with the block transfer, a further significant overspend is anticipated in 2024/25.
10. For 2024-25 Special School budgets will be set based on:
 - i. a Minimum Funding Guarantee of 0.0%; ensuring that funding for all Special Schools, on a like for like basis, is maintained. This is in line with Government guidance.
 - ii. there will be no capping of school gains.

Schedules of rates applicable for mainstream, special schools and PRUs in 2024/25 are available at Appendices B and C.

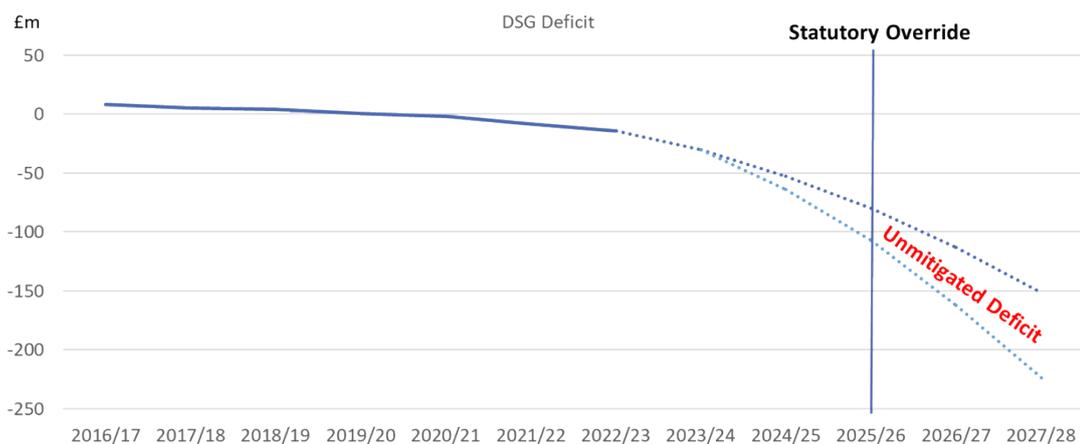
11. In 2024/25 the HNB budget is £135.6m; the following summarises the proposed budget allocations for next year:

2024-2025 HIGH NEEDS BUDGET	Budget 2023/24	Budget 2024/25
	£m	£m
Planned Places	35.0	36.7
Top Up Budgets	44.3	46.8
Staffordshire Special Schools and Academies	21.7	22.3
Staffordshire Mainstream Schools	17.9	19.2
Pupils in other LA Special & Mainstream Schools & Academies	2.3	2.8
Pupil Referral Units	2.4	2.5
Non Top Up Budgets	47.7	52.2
Independent Schools Mainstream	2.3	2.6
Independent Schools Special	27.0	31.2
Independent Hospital Fees	0.2	0.3
Early Years PVIs	0.4	0.4
Alternative provision (inc Hubs)	3.2	3.1
Education Other Than At School (EOTAS)	0.6	0.4
SEN Support Services	8.5	8.5
Post-16 FE Placements & Top-ups for ISPs	5.5	5.7
GRAND TOTAL	127.0	135.6
Funding	(127.0)	(135.6)
NET OUTTURN	0.0	0.0

12. Even with the additional Government funding a further significant overspend is anticipated in 2024/25; left unaddressed the annual budget gap is likely to increase going forward:



and could see the overall accumulated DSG deficit increase to between £150m and £225m by the end of 2027/28:



- DSG 'Deficit Management Plan'

13. The Council brought forward to Schools Forum in November a 'DSG deficit management plan' (DMP) outlining the actions that can be taken to address and mitigate the existing shortfall as far as possible. This reflects the actions included within the APP and our current SEND improvements and, working in partnership with Schools Forum, will be monitored regularly throughout the year and going forward updated as and when decisions are made. The DMP is currently being updated following the outcome of the disapplication request.

14. Alongside other actions within the DMP, and shared with a working group of Schools Forum, the Council sought approval from Schools Forum for a 0.5% (£3.2m) block transfer from the Schools Block to the High Needs Block in 2024/25. As previously stated, this has been approved by the Secretary of State for Education bringing the total High Needs Block Budget to £135.6m in 2024/25

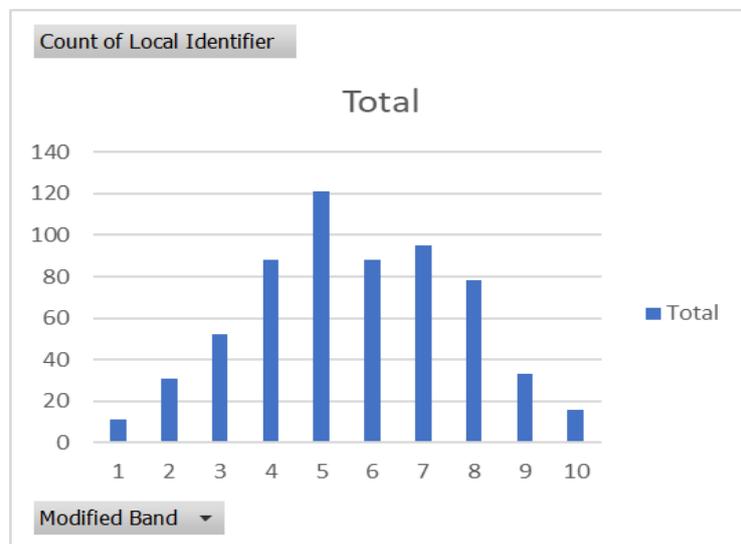
- Other Updates

Guidance Update

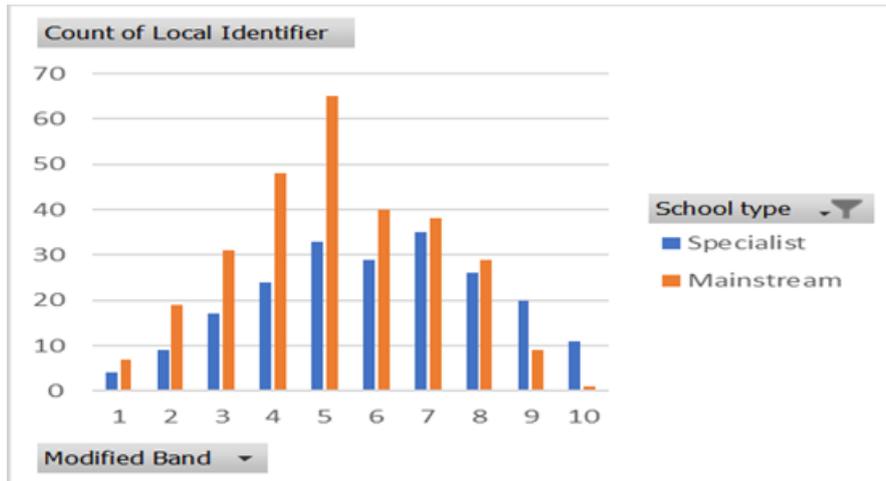
15. Following the DfE's publication of guidance in December 2023, "[Arranging education for children who cannot attend school because of health needs \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/guidance/arranging-education-for-children-who-cannot-attend-school-because-of-health-needs)", Staffordshire will recoup from schools from April 2024 the 'Age Weighted Pupil Unit' (AWPU) equivalent and Pupil Premium (PP), if applicable, and/or HNB top-up funding for any pupils accessing alternative education due to their health needs.
16. This will only apply where the alternative provision is commissioned by the local authority directly and the pupil remains on the school roll. Please note the full cost of the alternative provision will not be recouped but only the AWPU, PP and HNB top-up funding applicable for the period of the alternative education provision. This will then ensure that the education funding will follow the pupil and will cease when the pupil is reintegrated back to school.

Education Banding Tool (EBT)

- Following the planned review of the EBT during Summer 2023, the decision was made, from the 1st August 2023, to suspend the EBT to calculate the top-up funding for Staffordshire pupils with an EHCP and therefore from this date we have reverted back to the previous funding models for mainstream and special schools.
- Since August 2023, the SEND Keyworkers have continued to complete a PNP for new EHCPs and where there are changes to a plan following a review. This has provided a new data set of currently 613 individual PNPs. The distribution spread across these submissions remains as expected, where only 2.6% of pupils are at EBT Level 10. However, it is noted that the PNPs were completed without any discussion with schools or parent/carers. In addition, the numbers across Band Levels 7 and 8 are an anomaly and will require further investigation.



- When considering the current school placement of the completed PNPs, as expected there are a higher number of pupils at the lower band levels placed in a mainstream setting as opposed to Band Levels 9 and 10 where there is a higher number of pupils within a specialist setting. However, again there is an anomaly at Band Levels 6, 7 and 8 that will require further investigation.



20. When comparing the funding that would have been provided through the EBT to the actual allocations to pupils through support hours in a mainstream setting, there was no strong correlation to the EBT Level from the PNP and the TA hours allocated with an average allocation of TA hours equating to 21.5hrs per week. However, there was an average of £661 less allocated per pupil if they had been funded at the EBT values and this could potentially give scope to an increase to the funding attributed to the lower Band Levels.
21. Pupils allocated Special School Matrix funding were predominantly placed on Matrix Level 3, and there was a high number of pupils allocated additional funding (EN funding) to acknowledge their requirement for dedicated 1:1 support.
22. The LA, whilst still committed to the EBT, has identified that further work is required to give assurance that our data set is robust before we begin any safe budget modelling to support a future decision on the reinstatement of the EBT. It is therefore envisaged that any reintroduction of the EBT will not be before April 2025 and we will continue to keep schools informed of any further progress.

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Appendix A

2023-2024 HIGH NEEDS BUDGET (Quarter 4)	Latest Budget	Forecast Outturn	Over/(Under) spend
	£m	£m	£m
Planned Places	35.0	35.0	0.0
Top Up Budgets	44.3	56.2	11.9
Staffordshire Special Schools and Academies	21.7	26.9	5.2
Staffordshire Mainstream Schools	17.9	22.6	4.7
Pupils in other LA Special & Mainstream Schools & Academi	2.3	3.6	1.3
Pupil Referral Units	2.4	3.1	0.7
Non Top Up Budgets	47.7	56.7	9.0
Independent Schools Mainstream	2.3	3.6	1.3
Independent Schools Special	27.0	34.4	7.4
Independent Hospital Fees	0.2	0.3	0.1
Early Years PVLs	0.4	0.7	0.3
Alternative provision (inc Hubs)	3.2	3.5	0.3
Education Other Than At School (EOTAS)	0.6	0.3	(0.3)
SEN Support Services	8.5	7.7	(0.8)
Post-16 FE Placements & Top-ups for ISPs	5.5	6.2	0.6
GRAND TOTAL	127.0	147.9	20.9
Funding	(127.0)	(126.9)	0.1
NET FORECAST OUTTURN	0.0	21.0	21.0

Appendix B

a) Education Banding Tool Rates 2024/25

BAND LEVEL		Apr-24	
		Mainstream	Specialist
		£	£
0		0	0
1		815	0
2		2527	201
3		4238	503
4		5950	1005
5	a	7090	1508
	b	7661	2010
	c	8231	2513
6	a	8802	3015
	b	9373	3518
	c	9942	4020
7	a	10513	4774
	b	11083	5528
	c	11654	6281
8	a	12796	7538
	b	13937	8794
	c	15079	10050
9	a	16221	12060
	b	17362	14573
	c	18504	18090
10	a	21608	21608
	b	25125	25125
	c	28643	28643
	d	32160	32160
	e	35678	35678
Early Years Enhancement (2-3 years)		0	2,455
EBT Override		Individually calculated	

b) Staffordshire PRU – Trig 8 rates

		Element 3 Top-Up Rates April 2023	Element 3 Top-Up Rates April 2024
Dual/Main Rolled Pupil	Primary	£50 per day	£50 per day
	Key Stage 3	£50 per day	£50 per day
	Key Stage 4	£50 per day	£50 per day
	Package	Individually calculated	Individually calculated
Single/Subsidiary Rolled Pupil	Primary	£7,675 pa	£7,675 pa
	Key Stage 3	£7,675 pa	£7,675 pa
	Key Stage 4	£7,675 pa	£7,675 pa
	Package	Individually calculated	Individually calculated
Lump Sum		£128,000 pa	£134,400 pa
Split Site Allowance		£20,000 pa	£20,000 pa
Environmental Capacity Protection		Individually calculated	Individually calculated

Appendix C; Special School Rates 2024/25

Matrix Model			
School	School Specific* £	Plus:	£
Chasetown Commur	1,748.67	Matrix Level 1	169
Walton Hall Academ	1,029.35	Matrix Level 2	1,642
Horton Lodge Specia	2,734.73	Matrix Level 3	8,563
Cicely Haughton Sch	2,764.64	Matrix Level TBC	-
The Fountains High S	711.35		
The Fountains Prima	1,072.71	<u>Other Enhancements:</u>	
Hednesford Valley H	681.71	Early Years (inc NCY 1)	2,455
Loxley Hall School, L	1,770.40	Key Stage 4+ (NCY10 -14)	1,108
Blackfriars Academy	1,426.78		
Coppice Academy	1,425.84		
The Meadows Spec	1,157.69		
	688.36		
Two Rivers High Sch			
Sherbrook Primary S	1,243.08		
Springfield School, L	2,344.44		
Cherry Trees Schoo	6,405.02		
Rocklands School, L	1,045.73		
Marshlands Special	1,276.01		
Merryfields Special	1,454.23		
Saxon Hill, Lichfield	1,484.50		
Queens Croft High S	745.63		
Two Rivers Primary	1,155.38		
Wightwick Hall Scho	1,281.02		
Greenhall	7,411.30		

* the school specific rate is different for each school as it has been set annually and accumulated over time to accommodate i) annual MFG protections and ii) proportionate share of the fixed 'infrastructure' lump sum

Education Banding Tool Model			
School	School Specific** £	Plus:	£
Chasetown Community School	1,110.45	Special Banding Tool Level 01	-
Walton Hall Academy	209.63	Special Banding Tool Level 02	201
Horton Lodge Special School	1,983.31	Special Banding Tool Level 03	503
Cicely Haughton School	1,894.42	Special Banding Tool Level 04	1,005
The Fountains High School, Burton	155.20	Special Banding Tool Level 05a	1,508
The Fountains Primary School, Burton	183.65	Special Banding Tool Level 05b	2,010
Hednesford Valley High School	285.01	Special Banding Tool Level 05c	2,513
Loxley Hall School, Loxley, Uttoxeter	1,102.75	Special Banding Tool Level 06a	3,015
Blackfriars Academy, Newcastle	738.86	Special Banding Tool Level 06b	3,518
Coppice Academy	940.88	Special Banding Tool Level 06c	4,020
The Meadows Special School, Leek	614.42	Special Banding Tool Level 07a	4,774
	-	Special Banding Tool Level 07b	5,528
Two Rivers High School			
Sherbrook Primary School, Cannock	544.42	Special Banding Tool Level 07c	6,281
Springfield School, Leek	1,562.11	Special Banding Tool Level 08a	7,538
Cherry Trees School, Wombourne	2,079.04	Special Banding Tool Level 08b	8,794
Rocklands School, Lichfield	521.68	Special Banding Tool Level 08c	10,050
Marshlands Special School, Stafford	443.13	Special Banding Tool Level 09a	12,060
Merryfields Special School	719.95	Special Banding Tool Level 09b	14,573
Saxon Hill, Lichfield	528.27	Special Banding Tool Level 09c	18,090
Queens Croft High School	152.71	Special Banding Tool Level 10a	21,608
Two Rivers Primary School	568.19	Special Banding Tool Level 10b	25,125
Wightwick Hall School, Wolverhampton	624.62	Special Banding Tool Level 10c	28,643
Greenhall	5,894.42	Special Banding Tool Level 10d	32,160
		Special Banding Tool Level 10e	35,678
		<u>Other Enhancements:</u>	
		Early Years (up to 3rd birthday)	2,455

** the school specific rate reflects proportionate share of the fixed 'infrastructure' lump sum (there is no 'top up MFG' included as that element has been 'rolled into' the rates above).