

## SCHOOLS FORUM AGENDA ITEM

For Action For Information 

### **Brief Description of Item** (including the purpose / reason for presenting this for consideration by the Forum)

**This report provides an update on High Needs Block matters, including the development of the plan for the High Needs Block surplus balance and the development of new additional specialist places.**

### **Date (s) of any Previous Discussion at the Forum**

This report provides an update on reports that were presented to the Schools Forum on 9 March (updated position statement SEND places) and 18 May (High Needs Block surplus balance and capital settlements).

### **Background / Context**

The Forum resolved on 12 January that, "a working group of Forum members be established to discuss further the allocation / retention of the High Needs Block brought forward balance that is forecasted to be held at 31 March 2022." A report on the working group's discussions was presented to the Forum on 18 May (Document OM). This report also advised the Forum on the wider discussions that the Authority has had with the ESFA regarding our High Needs Block.

The Authority presented the annual SEND Sufficiency Statement to the Schools Forum on 8 December 2021. An update of this statement was presented on 9 March 2022. This statement outlined the Authority's plan to establish between 200 and 240 additional specialist places within the academic years 2022/23 and 2023/24, but also explained the obstacles that the Authority currently faces in the delivery of these places. On 9 March, the Authority also informed the Forum of the details of the DfE's SEND and Basic Needs capital settlements and that the DfE is set to open a new wave of SEND free schools.

### **Details of the Item for Consideration**

#### High Needs Block Surplus Balance

In the report presented to the Schools Forum on 18 May, the Authority explained the discussions that have taken place within the Forum's working group, and the areas for further exploration for investment that have been identified. The 3 areas for further exploration are: SEND teaching support services, SEND Inclusion support and non-statutory Alternative Provision support. The Authority explained the rationale for the retention at this time of the majority of the surplus balance (of at least £15m out of the estimated £21.7m), as well as the rationale for not seeking to use the balance to further increase EHCP top-up funding, nor element 2 additional funding support for mainstream provisions. The Authority explained that options for the use of the balance will be determined by further guidance, which is being sought from the ESFA, on what funding approaches are permitted by the Regulations. The Authority also explained that DSG funding cannot be spent on the Authority's statutory assessment functions.

In response to the report, as recorded in the minutes of the 18 May meeting, the Forum requested that the Authority presents a plan for the use of the balance to the 6 July meeting. The Assistant Director explained that the Authority will seek to respond to this request, but that timescales are short. He emphasised that some of this work is also conditional on receiving advice from the ESFA on the use of High Needs Block funds.

Since the 18 May Forum meeting:

- As reported in Document OO, the value of surplus balance held within the High Needs Block at 31 March 2022 has been confirmed at £23.021m. This is £1.282m greater than the £21.739m that was estimated. Although the High Needs Block surplus has increased on estimates, within this position there is significant additional growth in the cost of placements in out of authority, non-maintained and independent provisions. Our spend in 2021/22 increased by £3.478m (by a third) on 2020/21, which knocks into the 2022/23 budget and also worsens our 3-5-year High Needs Block forecast.
- We have updated our 3-5-year High Needs Block forecast. Whilst still significantly estimated, assuming the continuation of current growth rates in the short term, this forecast indicates a much more challenging 2023/24 High Needs Block financial position than was estimated in January. We currently estimate that the 2023/24 High Needs Block, without further amendment, may overspend by in the region of £7m, even

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after exercising restraint in the uplift of EHCP top-up funding, with this negative position accelerating in 2024/25. Whilst this position is significantly estimated, and is likely to alter as growth data is refined and as the 2023/24 DSG settlement is confirmed, there continues to be underlying significant growth in the numbers of EHCPs and in the cost of placements. For example, the number of funded EHCPs in mainstream schools and academies in June 2022 was 14% higher than in June 2021. For example, the annual cost of placements in special schools and in special school academies increased in June 2022 vs. May 2022 by £0.50m, due to the addition of further banded model 'stacking'. This growth in spend does very much contribute to supporting the needs of children and young people, but has cost implications.

Whilst the Forum has expressed its frustration at the pace of development of a plan for the release of a proportion of the High Needs Block surplus balance, it is the Authority's view, more so now that presented on 18 May, that we must exercise caution at this time in taking decisions about the substantial use of the High Needs Block balance, when this balance may be critical to our financial position going forward.

- We have received further advice from the ESFA about how the High Needs Block balance can be used. This advice was received in relation to the option for the release of a proportion of the balance to mainstream primary and secondary schools and academies, in support of strengthening universal behaviour provision and the prevention of permanent exclusions, as well as early intervention to achieve the de-escalation of growth in needs, especially around behaviour.

The ESFA has advised that, where we wish to delegate additional monies to mainstream schools and academies, to ' earmark' this for behaviour support, we can only do this through the Schools Block funding formula. Given that we are considering only a one-off injection of monies, at a time when the restrictions on the Schools Block are increasing with the movement to the hard National Funding Formula, the ESFA's advice is that this will require a 'disapplication' submission to request permission from the Secretary of State to allocate one-off monies by formula. We will need to evidence that we have the approval of the Schools Forum and have fully consulted with schools and academies. As such, this is an option to be considered for the 2023/24 formula funding cycle, which begins in autumn, rather than an option available for the immediate release of funding. If agreed, we would seek the DfE's permission to add a one-off allocation into our 2023/24 Schools Block funding formula. It will then be important for the Authority to set out for schools and academies how this additional funding should be used.

This approach to the delegation of funding however, does not guarantee that schools and academies will use the funding for the purpose intended. The funding will not be ring-fenced. The ESFA's advice is that the permitted way to pass ring-fenced High Needs Block funding to schools and academies is to devolve this funding to an individual school / academy, or to a group or cluster of schools / academies, under SLA, meaning that this funding must be spent on the prescribed activity and would be recovered by the Authority if not. In these circumstances, the Authority continues to be the owner of the funding, as it would where the Authority directly commissions provision. This advice is important generally in guiding our appropriate use of the balance, but is most important perhaps in considering how any funding would be used to support early intervention (non-statutory) behaviour and alternative provision. The mechanisms here – delegation, devolution, Authority's direct commissioning – and how and to who, require further consideration. But also, perhaps most critically, the value of budget that would be available also requires further consideration, especially in the context of what is explained above regarding the worsening High Needs Block forecast.

- The DfE has made available a series of publications, which are aimed at immediately improving the efficient and sustainable use of High Needs Block funding by local authorities, recognising that the SEND review is a longer-term programme and its reforms will take time to deliver. These publications contain many recommendations and case studies, which we will consider closely. One of the strong recommendation from the DfE is that authorities now focus on targeting their investment at strengthening inclusion. This is an aspect of use of the High Needs Block balance that we have already identified with the Forum's working group, and it is the aspect that the Authority now wishes to immediately focus on.

The Authority plans therefore, to begin additional investment on inclusion. The estimated value of this investment, initially for the 2022/23 academic year, is £920,000:

- £491,000 investment, to retain the Authority's mainstream SEMH / behaviour teaching support service as free at the point of access. The majority of our schools and academies use this service. This service was previously traded, but over the COVID-19 pandemic period was provided free of charge. The service

### **Details of the Item for Consideration**

- £240,000 investment, so that our special schools and special school academies can release specialist staff to provide expert outreach support to mainstream schools and academies. This will be additional

**Recommendations**

Recommended - The Schools Forum is asked to consider and to note the update provided.

**List of Supporting Appendices / Papers** (where applicable)

None

**Contact Officer** (name, telephone number and email address)

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**Places Schemes**

Type of Provision	Name of School	Phase of Education	Primary Need	Current Stage	No. of Places
Resourced Provision School Led	Ilkley Grammar School	Secondary	Communication and Interaction needs including ASD	Consultation ends 6 <sup>th</sup> July 2022	12
Resourced Provision LA Led	Bingley Grammar School	Secondary	Communication and Interaction needs including ASD	Consultation period closed and Executive Approval Received.	24
Resourced Provision School Led	Confidential at this stage	Secondary	Communication and Interaction needs including ASD	Awaiting approval from the school GB	12
Resourced Provision School Led	Confidential at this stage	Secondary	Social, Emotional and Mental Health (SEMH)	Feasibility Stage	24
Resourced Provision LA Led	Confidential at this stage	Primary	Communication and Interaction needs including ASD	Feasibility Stage	12
Resourced Provision LA Led	Confidential at this stage	Primary	Social, Emotional and Mental Health (SEMH)	Consultation due to start September 2022	12
Resourced Provision LA Led	Confidential at this stage	Primary	Communication and Interaction needs including ASD	Awaiting approval from the school GB	6
Special School	Confidential at this stage	Secondary	ASD, SLD, and PMLD	Feasibility Stage	50
Special School	Confidential at this stage	Secondary	Social, Emotional and Mental Health (SEMH)	Preliminary stage	80
EYESP	Hirst Wood Nursery School	Early Years	Early Years SEND	Places available from October 2022	10
			<b>Total</b>		<b>242</b>