

CUMBERLAND COUNCIL SCHOOLS FORUM

Report Title: High Needs Budget Monitoring Q2

Meeting date: 15 January 2024

Report of: Heather Loveridge, Interim Assistant Director, SEND, Education & Inclusion

1.0 Executive Summary

1.1 This report presents the High Needs (HN) Block deficit position as at 30 September 2023 which is forecast to be £19.409m as at 31 March 2024, an increase of £1.433m compared to the forecast position at Q1 of £17.975m.

2.0 Link to Council Plan Priorities

2.1 The utilisation of the HN Block within the Dedicated Schools Grant (DSG) is supportive of the Council Plan “to improve the health and wellbeing of its residents” and the priority to “address inequalities and enable its residents to access opportunities that will empower them to achieve their goals.”

3.0 Recommendation

3.1 The Schools Forum are recommended to note the current projection on the HN budget as at 30 September 2023.

4.0 Rationale & Evidence for the Recommendation

Background

4.1 A balanced High Needs budget has been set for 2023/24 with no planned transfer to or from reserves. The initial budget available for the HN Block was £35.881m based on the provisional HN Block allocation from central government as confirmed in December 2022. There were no transfers from **the Schools Block**.

Budget Revisions

4.2 Since the initial budget was set the HN block allocation has been updated to reflect adjusted recouplement for HN places as shown in the table below:

	2023/24
	£m
High Needs allocation before recoupment for place funding in academies and FE institutions	38.757
Less recoupment for high needs places in academies and FE institutions	(2.876)
Initial Budget	35.881
DfE Recoupment adjustment for HN places AY 2023/24	(0.254)
DfE Import/ Export Adjustment	(0.093)
Total High Needs Budget Q1	35.534

Projected Outturn

- 4.3 Performance against the High Needs Block budget is monitored monthly with reports presented to senior management and to Executive on a quarterly basis, as well as to each Schools Forum meeting.
- 4.4 The table below presents the projection against the budget as at Q2. This shows that the budget is projected to overspend by £2.813m at 31 March 2024:

Description	Budget £m	Forecast £m	Variance £m	Previous Qtr Variance £m	Change in Variance £m
Special Schools - High Needs	9.945	10.464	0.519	0.357	0.162
Schools -Resourced Provision	0.354	0.367	0.012	0.016	(0.003)
Independent & Other Placements	4.640	4.715	0.074	(0.459)	0.534
Central SEN (Equipment, BVI, Audio etc)	0.043	(0.003)	(0.046)	(0.010)	(0.036)
SEND Residential Placements	1.975	1.873	(0.102)	(0.472)	0.370
High Needs - Invest to Save	0.000	0.209	0.209	0.209	0.000
High Needs - Post 16 ISPs	0.907	0.727	(0.179)	(0.265)	0.086
High Needs - Post 16 FE	0.866	0.795	(0.070)	(0.368)	0.298
High Needs - Top Up	9.783	12.009	2.226	2.374	-0.147
Virtual School (CLA Inclusion)	0.205	0.205	0.000	0.000	0.000
Inclusion Teams	1.625	1.625	0.000	0.000	0.000
PRU Budgets	5.150	5.320	0.170	0.000	0.170
Mobility and Independence Contract	0.012	0.012	0.000	0.000	0.000
Share of de-delegated (special schools)	0.029	0.029	0.000	0.000	0.000
Total DSG to transfer to DSG HNB reserve	35.534	38.348	2.813	1.380	1.433

- 4.5 The key Variances are:

- Special Schools £0.519m. The pressure, which represents an increase of £0.162m compared to Q1, mainly relates to new and amendments to EHCP top-ups since the start of the year of £0.392m and the remaining balance relates to pre-existing budget pressures of £0.049m.
- Independent Specialist Placements (ISPs) & Other Placements £0.074m. This represents an increase in forecast expenditure of £0.534m compared to Q2. The forecast is based on current and known new day ISPs coming through the system. The forecast expenditure for day ISPs is predicted to be £3.143m which represents an increase of £0.351m compared to Q1 and mainly relates to 12 new placements that started in September 2023. The current overall number of ISPs is 60 and the average full year cost of a day ISP is £54,109 as at Q2. Also included within this budget line is forecast EHCP top-ups for children placed in Westmorland & Furness schools of £0.602m,

children placed in other local authorities of £0.276m and forecast costs associated with children being educated other than at a school (EOTAS) of £0.458m representing a net increase of £0.183m compared to Q1.

- Residential placements (£0.102m). This represents an increase in forecast expenditure of £0.370m compared to Q1. The forecast is based on current and known new placements. The current overall number of residential placements as at Q2 is 22. Since Q1 there have been 2 new placements and 1 transfer in from a non-residential placement. The movement of £0.370m mainly relates to one new high cost placement of £0.239m for a child with very complex needs with the remaining balance of £0.131m relating to one other new placement and adjusted forecasts across a number of other placements. The average full year cost of a residential placement is £89,855 as at Q2 which is an increase of 10.4% compared to 2022/23.
- Post-16 ISPs (£0.179m). The forecast, which represents an increase of £0.086m since Q1, is based on current and known new placements. The overall number of Post-16 ISPs at Q2 is 22. There has been 10 new and 9 ended placements since Q2. The average cost of a post-16 ISP is £38,971 as at Q2.

The below table summarises the number of pupils in ISPs by provider type:

Number of Children and Young People with EHCPs in Independent Special Placements 2023/24

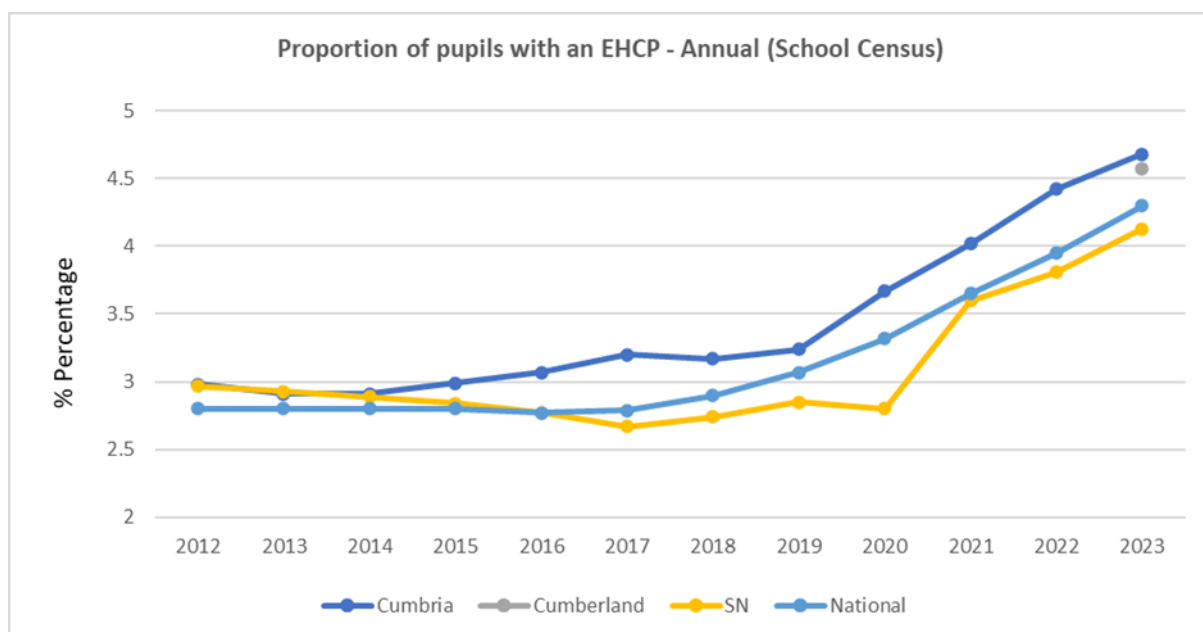
Placement Type	Number of Children								2023/24 Forecast Spend £m	Average Annual Cost of Placements	
	2022/23 Outturn	2023/24 Q1	New	Ended	Placement Changes		Total Change	2023/24 Q2		2023/24 £	2022/23 £
					In	Out					
ISP - Day	52	50	12	-1		-1	10	60	3.143	54,109	55,758
ISP - Residential	15	19	2		1		3	22	1.873	89,855	81,345
ISP - FE Colleges	21	21	10	-9			1	22	0.727	38,971	34,673
Total	88	90	24	-10	1	-1	14	104	5.743		

- Post-16 Further Education (FE) Colleges (£0.070m). This represents a reduced forecast underspend compared to Q1 of £0.298m compared to Q1. The forecast expenditure includes estimated top-up payments to FE Colleges of £0.412m, other FE education providers of £0.301m and top-ups in mainstream post-16 schools of £0.082m. The movement of £0.298m compared to Q1 mainly relates to FE and other education providers of £0.155m, an increase in forecast top-up payments to mainstream post-16 schools of £0.070m and reduction in DSG of £0.073m following updated grant allocations to reflect recoupment of HN place funding for the academic year 2023/24.
- High Needs Invest to Save Initiatives £0.209m. The forecast expenditure here relates to the Early Intervention Programme which was rolled out to Mayfield and James Rennie in academic year 2022/23. The forecast includes a re-charge for the leadership provided by Sandgate School in Westmorland & Furness for the two Hub schools of £0.031m.

- EHCP top-ups for pupils in mainstream schools and Early Years Providers £2.226m. The forecast, which represents a reduction of (£0.147m) compared to Q2, is based on current EHCP costs and predicted number of new and amended ECHPs in-year. Since the start of the year there have been amendments to existing EHCPs of £0.220m, payments to PVIs of £0.365m, and new and forecasted new EHCPs based on known children coming through the system totalling £1.442m. The forecast also includes the additional net cost of restoring the notional SEN to £6,000 after removing the Targeted SEN funding with effect from September 2021 of £0.199m and pre-existing budget pressures of £0.199m.
- Pupil Referral Units £0.170m. This pressure mainly relates to an additional 25 places with effect from September 2023 for West Cumbria Learning Centre of £0.146m.
- The remaining balance relates to individually non-material variances totalling a net underspend of (£0.034m).

4.6 The pressure against the High Needs Block continues to be due to specific budget pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for children and young people with SEN. The number of children with EHCPs as at Q2 is 2,954. This figure provisional pending the completion of the disaggregation of cases between the two new authorities.

4.7 The benchmarking chart below shows that Cumberland’s percentage of pupils with EHCPs is higher compared to the national and Cumbria statistical neighbours rates although the rate of increase for Cumbria overall is largely matched by the rate of increase both nationally and against the Cumbria statistical neighbours:



4.8 In 2023/24 local authorities have seen an increase in their High Needs Block funding of at least 5% per head of population and additional High Needs funding to reflect likely cost increases for local authorities and schools of £1.585m resulting in total funding of £35.534m as at Q2. However, 29% of the total allocation is still based on historic 2017/18 actual spend. There has been no transfer of funding from the Schools Block to High Needs Block in

2023/24. Cumbria took part in the Department for Education's Delivering Better Value for SEND programme and successfully applied and received approval for a £1m grant for each new authority to support their improvement plans the impact of which will be incorporated into Cumberland's DSG management plan in due course.

5.0 Options

5.1 The Schools Forum is recommended to note the current projection against the High Needs Block budget.

6.0 Financial & Other Relevant Implications

6.1 Financial implications are considered throughout this report.

12 January 2024

REPORT AUTHOR

Contact:

Name Amanda Chew

Post title Service Accountant

Email: amanda.chew@westmorlandandfurness.gov.uk



Westmorland
& Furness
Council

Working for **Cumberland Council** and
Westmorland & Furness Council