

SCHOOLS FORUM**26th November 2019****Report of the Executive Director for Children's Services****High Needs Block Funding 2020-21****1. Purpose of the Report**

To inform the Schools Forum of the latest information regarding high needs funding in Derbyshire for 2020-21.

2. Information and Analysis

Details of LAs' 2020-21 provisional high needs allocations were published on 11th October 2019 and reflected an additional national investment of £700m compared with 2019-20. As a result Derbyshire's high needs funding will increase by £9.401m from £69.972m to £79.373m. A summary of the allocation is provided in Appendix 1.

Final allocations for 2020-21 will be announced in December 2019 and will reflect updated pupil information. The increase in high needs funding for 2020-21 is substantial and provides scope to address at least some of the pressures currently facing the Authority, schools and providers.

The increased funding is reflected in higher multipliers which, in Derbyshire's case, has lifted our funding such that it is no longer reliant on floor protection. Another element of the increase results from a higher free school meals count. This is probably due to the impact of universal credit which has seen the count for Derbyshire rise from 13,609 to 16,744, an increase of 23%. This demographic data change may have knock on implications for mainstream allocations to schools.

An updated 2019-20 expenditure forecast and a first look at 2020-21 potential spend is provided in sections 2.1 to 2.3 below.

2.1 Places

	2019-20	2020-21
Type:	F'cast exp	Base
	£	£
ER Schools & Academies	1,625,500	1,567,500
Special Schools	9,006,667	9,314,167
Pupil Referral Units	2,720,000	2,778,333
Post 16 places	268,000	244,000
Derby & Chesterfield Colleges	738,000	768,000
Total Places	14,358,167	14,672,000

At the time of writing the number of places for 2020-21 was being reviewed in consultation with schools, academies, colleges and other providers. The main change is a net increase in special school places (£307k).

2.2 Top ups

Type:	2019-20	2020-21
	F'cast exp	Base
	£	£
Early Years SEN Inclusion Fund	160,000	160,000
Nursery Units/Schools SENTA	190,119	194,126
Nursery schools – ER SEN	146,789	150,000
DCC primary schools/academies	8,005,132	8,396,744
Other LAs' primary schools/ academies	172,406	186,899
DCC sec. schools/academies	6,484,681	6,636,528
Other LAs' secondary schools/academies	342,943	366,084
DCC special schools/academies	11,893,227	12,526,065
Other LAs' special schools/academies	2,007,555	2,133,824
Post 16 FE Colleges/Ind. specialist providers	3,439,475	3,808,539
Pupil Referral Units	1,605,342	1,692,725
Independent & Non M'tained Special Schools	8,774,397	9,300,000
Alternative Provision SEN	201,474	200,000
Ind/NMSS - contribution to care placements	1,500,000	1,500,000
Total Top up	44,923,540	47,251,534

The allocations are based on 2019-20 forecast expenditure with a 2% uplift for inflation for mainstream, colleges and other providers. The top ups for Derbyshire special schools, PRUs and ER schools have been increased by 4%. The higher increase recognises that the place led element of these institutions' budgets remain unchanged at £10,000 per place. The 4% increase effectively lifts these institutions funding by ~2%.

2.3 Services

	2019-20	2020-21
	F'cast exp	Base
	£	£
Service:		
Access and Inclusion	318,114	125,000
Support for inclusion	519,000	519,000
Hospital tuition	30,000	30,000
Virtual School	933,701	1,028,699
PRU to provision transport	505,273	505,273
Contribution to Education Psychology Service	400,000	400,000
Visually Impaired Support Service	714,861	727,068
Physical Impaired Support Service	539,497	548,279
Hearing Impaired Support Service	656,857	665,272
SEN Equipment fund	250,000	250,000
Support Service for SEN (SSSEN)	4,624,879	4,736,186
Early Years SEN service (contribution to)	256,579	256,579
Behaviour Support Service	958,141	964,871
Behaviour Support TAs in mainstream schools	318,857	318,857
Positive Play	203,763	208,657
Derbyshire Nurture	281,510	309,613
Integration Pathways Team	3,630,578	3,822,979
Excluded pupils income	-436,000	-436,000
Total Services	14,705,610	14,980,333

Services' 2020-21 estimates reflect 2019-20 projected spend plus an increase for inflation, generally 2%. The costs exclude the impact of the recent increase in teachers' pension costs, it has been assumed that this will be funded by the national Teachers' Pension Grant. However, LAs have to bid for this resource at the end of each year and there is a risk that any claim may not be paid in full.

The reduction in the Access and Inclusion budget reflects the removal of the residual contribution towards the Authority's Early Help offer from this block.

2.4 Other/Total HNB spend

Type:	2019-20	2020-21
	F'cast exp	Base
	£	£
Contribution to SEN transport	80,000	80,000
School Improvement	114,007	114,000
Vulnerable Children's fund	200,000	200,000
High Needs Block Contingency fund	350,000	350,000
Direct Payments	208,854	225,000
Other HNB spend	952,861	969,000
TOTAL HNB spend	74,940,178	77,872,867
HNB Grant	69,974,100	79,373,000
Deficit/(Unallocated balance)	4,965,978	1,500,133

These budgets are largely unchanged for 2020-21 at this point.

3 Overall position/issues to consider

The 2019-20 overspend against the grant of around £5m is significant, meeting this shortfall utilises more than half of the additional funding available for 2020-21. In considering the potential allocation of the £1.500m 2020-21 balance, the following points need to be considered:

Demographic increase – no allowance has been made for increases in the amounts paid as top up over and above 2019-20 levels. Previous years have seen significant increases in spend and further increases in the number and/or cost of EHCP/GRIP allocations would not be covered.

Specialist provision (inflation) – the increased funding may impact on the independent and non-maintained sector market and the increases in fees sought. The estimates only provide for a 2% increase.

Specialist provision (Top ups) – the 2% increase for Derbyshire special schools, ER and PRUs is below the overall increase in the Schools Block. Special schools have already indicated that they were looking for a larger increase.

DSG deficit – the accumulated DSG deficit at the end of 2019-20 is expected to be around £3m. In setting DSG budgets for 2020-21, including the high needs block, some funding needs to be earmarked to begin to repay this deficit.

Early Years Pre School SEN Service – as the early years paper to this meeting has noted, one way of providing an increase in the basic funding rate would be to transfer some of the cost of this service from the early years block to the high needs block. If the early years subsidy were halved this would utilise around £0.239m of the balance.

Strategic SEN review – following the LA commissioned SEND review earlier this year, the Authority will be considering what changes to make to its local offer in the future. It would be helpful if some funding were available to help facilitate agreed changes.

Contingency – as the Forum is aware the issue of support for mainstream schools with a significant proportion of children with additional educational needs is under review. A further report on this will be brought to the next Schools Forum meeting in January. One of the issues is the size of the contingency fund and any increase would obviously add further pressure next year.

This paper represents a first look at the position for 2020-21. The actual HNB allocation will not be confirmed until December, in the meantime further work will be undertaken on the forecast costs for next year and the results will inform a further report to Forum in January.

Final allocations for 2020-21 will then be considered by Cabinet in March 2020.

4. **Other Considerations** In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, HR, legal & human rights, environmental, health, property and transport considerations.
5. **Background Papers** Held within Finance.
6. **Executive Director's Recommendations**
 - (i) That the Schools Forum offers its views on the issues set out in this report; and
 - (ii) Agrees to receive a further report at its meeting in January.

Jane Parfremment
Executive Director for Children's Services

Derbyshire's HNB Grant 2020-21 provisional settlement

Appendix 1

	2020-21	2020-21	2020-21		2019-20	2019-20	2019-20
	Count	Multiplier	Allocation		Count	Multiplier	Allocation
	£	£	£m		£	£	£m
Population aged 2-18	145,998	155.85	22.754		145,415	117.17	17.038
Health & Disability – No. children with bad health	670	4,145.10	2.777		670	3,086.40	2.068
Health & Disability – No. children claiming DLA	5,527	651.95	3.603		5,250	509.71	2.676
Deprivation – Free school meals (current)	16,744	286.30	4.794		13,609	245.33	3.339
Deprivation – IDACI Band F	15,404	45.20	0.696		15,220	34.04	0.518
Deprivation – IDACI Band E	7,618	58.79	0.448		7,604	44.21	0.336
Deprivation – IDACI Band D	8,939	80.24	0.717		8,964	60.30	0.541
Deprivation – IDACI Band C	8,430	85.87	0.724		8,378	64.50	0.540
Deprivation – IDACI Band B	8,182	94.01	0.769		8,172	70.63	0.577
Deprivation – IDACI Band A	766	126.74	0.097		780	95.58	0.075
Low Attainment @ KS2	1,384	2,590.23	3.585		1,426	1,761.36	2.512
Low Attainment @ KS4	1,842	1,904.34	3.508		1,824	1,446.66	2.639
Historic spend	-	-	33.0320		-	-	33.032
Funding floor	-	-	0.000		-	-	0.617
Hospital Education	-	-	0.055		-	-	0.050
Basic entitlement	984.5	4,000.00	3.938		984.5	4,000.00	3.938
Additional high needs allocation 2019-20			0.000				1.600
Total pre import/export adj			81.497				72.096
Import/export adjustment	-354	6,000.00	-2.124		-354	6,000.00	-2.124
Total High Needs Block			79.373				69.972
Increase on 2019-20 (£m)			+9.401				