

# **Report to: Schools Forum**

**Date: 16th March 2023**

**Report of: Julie Beattie (Finance Manager) and Helen Ellis (Director SEND & Inclusion)**

**Title: Proposed High Needs Block 2023-24**

**Status: For noting**

**Purpose**

Local authorities make decisions about the delegation of funds to schools, which for primary and secondary schools is on the basis of a local formula, and on the spending of funds held centrally, most of which is used for making high needs provision, in consultation with their Schools Forums.

Therefore, it is important to note that this paper is for consultation. The use of the High Needs Block is ultimately a matter for the Local Authority although, of course, in practice spend is best utilised when it is collaboration with other stakeholders.

It should also be acknowledged that institutions receive high needs funding in different ways and the High Needs Block covers a wide variety of institutions:

* core funding: the annual allocation an institution receives either directly from the provider local authority (for maintained schools and PRUs, based on the financial year), or from ESFA (for academies, free schools, colleges, independent learning providers (ILPs), non-maintained special schools and special post-16 institutions, based on the academic year)
* top-up funding: the funding required, over and above the core funding, to enable a pupil or student with high needs to participate in education and training (in a variety of institutions)
* funding under a service level agreement: where a service relating to SEND or AP has been commissioned by a local authority and is delivered by an institution, the local authority can pay for that service from its high needs budget

**Proposal**

The 2023/24 High Needs allocation is £270.9m before recoupment and £237.6m after recoupment. This is an increase of £27.4m gross or £26.9m net from the position notified by DfE at the same period in 2022/23.

The figure includes an additional allocation of £10.8m provided in 2023/24 – compared to £8.7m in 2022/23.

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| **DSG** | **2022/23 DSG Allocation at Dec 21 £m** | **2022/23 DSG Allocation at Nov 22 £m** | **2023/24 DSG Allocation at Dec 22 £m** | **Changes From Dec 21 to Dec 22 £m** |
|  |
| High Needs Block | 234.723 | 234.552 | 260.090 | 25.367 |  |
| Supplementary/Additional Funding | 8.730 | 8.730 | 10.804 | 2.074 |  |
| **Total DSG Before Recoupment** | **243.453** | **243.282** | **270.894** | **27.441** |  |
| High Needs Recoupment | (32.823) | (33.124) | (33.339) | (0.516) |  |
| **Total DSG After Recoupment** | **210.630** | **210.158** | **237.555** | **26.925** |  |

Additional grant conditions have been added for 2023/24 and a Minimum Funding Guarantee introduced.

* + 3.0% increase in funding compared with 2021/22
* 3.4% increase in funding compared with 2022/23

A summary of the way the Local Authority proposes to utilise the funding it has received in 2023/24 is shown below with further detail provided within the commentary and included as a table in Annex 1 to this report.

A total of £227.7m or 84.1% of the total allocation is proposed to be allocated for Direct Provision. This is an increase of £25.7m from that provided at this time in 2022/23.

A further £24.2m or 8.9% of the total allocation is proposed to be allocated for other provision and support services. This is a decrease of £5.7m from that provided at this time in 2022/23. Although 5% increases to some SEN support services are proposed (£0.6m) these are offset by the falling out of funding needed for High Needs deficit repayment plan (£4.1m) and some of the projects identified by the former Assistant Director not getting off the ground (£2.2m)

It is proposed that the remaining £19.0m or 7.0% of the total allocation be held back at this stage in the financial year to support the recently appointed Director of SEND & Inclusion in the following areas:

* to fully understand any service commitments and identify areas requiring additional support. The service is in the process of developing a robust sufficiency strategy which the Director will share with Schools Forum in the coming months
* time for the LA and finance to understand the financial implications of the two new free special schools, creating 500 places. Notification of Birmingham’s success in its applications for these free schools was only received the day before papers were due to Technical Group.
* Birmingham is taking part in the Delivering Best Value Programme in the coming months. It is anticipated that both CiPFA and Newton will be dissecting the High Needs Block and some funding needs to be set aside in case of issues picked up under this scrutiny

**Commentary**

Explanations of some of the increases in spending for Direct and Indirect provision are provided below:

It is proposed to increase Place Funding by 3.4%. This equates to an additional £340 per place for those funded at £10k or £204 for those funded at £6k. This amount will be paid as a Place supplement to cover MFG for place funding.

The current arrangements for an additional £660 per place following the roll into the High Needs Block of Teachers Pay and Teachers Pensions Grants remains as is. This will also be paid alongside the Place supplement referred to above.

It is widely known that we have insufficient provision within our Special Schools and whilst Birmingham develops its sufficiency strategy, we have built in some estimates of proposed growth to meet demand. Currently we have estimated 50 additional Special School places and 100 additional Resource Base places from September 2023.

It is proposed to increase Top Up banding rates and ESN for Special Schools, Resource Bases, PRU & Support Units by 5%. This exceeds the 3.4% MFG for Top Up and reflects the increased costs being experienced by Schools. It is important to note here that the 3% MFG increase from 2021/22 referred to in the guidance should be covered by the 6% increase in Top Up banding rates that was actioned as part of the 2022/23 High Needs budget setting process.

We are also increasing the number of places at the PRU by a further 25 places at a cost of £0.5m. This recognises that the current provision is full.

In addition, there are increases proposed relating to additional demand being experienced in 2022/23 within Mainstream/Independents/Post 16/OLA/Nursery provision. A further 5% increase on top of these forecasts is proposed for 2023/24.

Within the Medical & Hospital Provision, we are seeing increased costs in 2022/23 against short term home education. Our proposal ensures these are budgeted for at this increased value in 2023/24. There will be a 3.4% MFG increase for the hospital school.

In line with what we are proposing for schools, we propose a 5% increase to most SEN support services budgets for 2023/24 to reflect the increased costs being experienced across the sector.

It is proposed that Birmingham continues the Developing the Local Provision (DLP) model into 2023/24 at a cost of £7m. This is an extension of the two-year commitment originally in place for this programme of work. The Director, with the support of Tim Boyes and Debbie Holmes, will be sharing a presentation outlining the evaluation of Phase 1 and what Phase 2 will be with Schools Forum.

**Scrutiny**

The High Needs Block Technical Group met on 7 March where proposals were discussed. All comments raised have been considered and the budget proposals have been amended to build in an additional 25 places at the PRU. Explanations to the question raised relating to reductions in percentage of overall budget allocation for Special Schools and Resource Bases is explained below.

The 2022/23 budgets being compared to here were set at a point in time (March 2022) based upon the information available to us at that time. During that process a significant amount of growth was built into both Special Schools and Resource Bases that has not materialised. If we were to restate the 2022/23 budgets to reflect what is known about now both Special Schools and Resource Bases would show an increase in the overall percentage of budget calculations.

**Conclusions**

The layout in Annex 1 demonstrates that the vast majority of the increased resources received by the Local Authority for High Needs for 2023/24 is directed to delegated budgets.

Forum members are asked to note the 2023/24 budget proposals for the use of resources received for the High Needs block.

Further changes to the budget proposals will be brought to Schools Forum as and when they are proposed.

**Annex 1**

| **Birmingham High Needs Block budgets 2022-23 & 2023-24** | | | | | |  |  |  |  |  |  |  |  |  |
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|  | **2022-23 budget** | | **2022-23 budget** | | **2023-24 budget** | | **2023-24 budget** | | **annual increase / (decrease)** | |  |  |  |  |
|  | £m | £m | % | % | £m | £m | % | % | £m | £m |  |  |  |  |
| **Direct Provision** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Special Schools | 111.816 |  | 45.9% |  | 121.614 |  | 44.9% |  | 9.798 |  |  |  |  |  |
| Mainstream Provision - Top Up/CRISP/Support Units | 19.600 |  | 8.1% |  | 25.701 |  | 9.5% |  | 6.101 |  |  |  |  |  |
| Independent Provision | 16.000 |  | 6.6% |  | 18.782 |  | 6.9% |  | 2.782 |  |  |  |  |  |
| Post 16 Provision | 15.687 |  | 6.4% |  | 18.075 |  | 6.7% |  | 2.389 |  |  |  |  |  |
| Resource Bases | 12.683 |  | 5.2% |  | 13.236 |  | 4.9% |  | 0.553 |  |  |  |  |  |
| Medical & Hospital Provision | 10.500 |  | 4.3% |  | 12.838 |  | 4.7% |  | 2.338 |  |  |  |  |  |
| Pupil Referral Unit | 7.945 |  | 3.3% |  | 8.718 |  | 3.2% |  | 0.772 |  |  |  |  |  |
| Other Local Authority Provision | 3.680 |  | 1.5% |  | 4.373 |  | 1.6% |  | 0.693 |  |  |  |  |  |
| Nursery Provision | 2.137 |  | 0.9% |  | 2.973 |  | 1.1% |  | 0.836 |  |  |  |  |  |
| 6th Day provision | 0.927 |  | 0.4% |  | 0.927 |  | 0.3% |  | - |  |  |  |  |  |
| Alternative Provision | 0.893 |  | 0.4% |  | 0.330 |  | 0.1% |  | (0.563) |  |  |  |  |  |
| Travelling Children | 0.151 |  | 0.1% |  | 0.158 |  | 0.1% |  | 0.008 |  |  |  |  |  |
|  |  | 202.019 |  | 83.0% |  | 227.725 |  | 84.1% |  | 25.706 |  |  |  |  |

Budget by business area