

Schools Forum Agenda Pack – Item 8

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Report title:	2022-23 High Needs Block	
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2022-23 High Needs Block

1. Executive Summary

This report provides the Schools Forum with the details of the recent consultation with mainstream schools on the potential schools block transfer and the funding of special schools, hospital schools and resource bases for next year. The Schools Block transfer influences the funding allocations to schools and this is considered in a separate paper on this agenda.

2. Schools Forum Actions

The Schools Forum is asked to:

- i. Agree the Schools block transfer of 0.44%, a sum of £1.2m.
- ii. Confirm that the special schools' special schools funding rate should increase by the estimated level of inflation of 2.9%
- iii. Agree that the top-up rate for SILS should be should increase by the estimated level of inflation of 2.9%
- iv. Agree that the funding rate for hospital schools for 2022/23 should continue to be aligned to the funding level included in the High Needs block.
- v. Agree that the funding rates for Resources Bases should increase by the estimated level of inflation 2.9%
- vi. Agree the Spa Camberwell top-up rate of funding for 2022/23 should be £24,086
- vii. Agree the continuation of the funding of Haymerle high needs classes

3. Background

3.1 The Local Authority (LA) is required to submit details each year of the mainstream school funding formula to the Education and Skills Funding Agency (ESFA). The funding formula is based on data provided by the ESFA, although there is some scope to make changes; the funding rates need to be agreed with the Forum.

3.2 The recent consultation proposed to reduce the school block transfer for 2022-23 to £1.9m from the current £3.1m. It was pointed out in the consultation if the settlement was favourably then there was a desire to reduce the transfer even further to a sum of £1.2m. As a consequence the response to the consultation is dealt with in the first part of this paper. The paper then looks at the Special Schools funding rates. A separate report looks at the mainstream funding rates as there are wider issues to be address than just the impact of the schools block transfer.

3.3 The DSG allocation for 2022-23 was received on 16 December 2021. The High Needs block element was £61,732,769, or £58,966,769 after deductions for direct funding of high need places. The funding provided to each LA is via a formula, although there is a historic element built into that formula. The allocations in December did not provide a detailed breakdown of the formula, but the draft figures provided earlier in the year did and are shown below.

Factor	2021/22	2022/23	Difference
	£	£	£
Basic entitlement factor	4,260,362	4,451,044	190,682
Historic spend factor	19,286,806	24,344,827	5,058,021
Population factor	13,534,825	15,300,079	1,765,254
FSM factor	3,839,156	4,388,711	549,555
IDACI factor	4,865,381	5,449,777	584,396
Bad health factor	2,565,619	2,898,293	332,674
Disability factor	1,920,049	2,125,100	205,051
KS2 low attainment factor	1,921,955	2,298,469	376,514
KS4 low attainment factor	1,446,344	1,605,455	159,111
Funding floor factor	0	0	0
AP factor	3,174,154	3,462,450	288,296
allocation before provisional import/export adjustment a	56,814,650	66,324,206	9,509,556
Import/export adjustment (provisional)	-1,716,000	-1,481,401	234,599
High needs NFF provisional allocation	55,098,650	64,842,805	9,744,155
2022-23 high needs NFF provisional allocation after CAP	55,098,650	61,607,531	6,508,881

The difference between these draft figures and the revised allocation is due to pupil numbers.

3.4 The allocation for Southwark shows an underlying increase of 11%. In addition a further new grant will be received of £2.4m (4%). The extra funding recognises the additional costs that LAs and schools will face in the coming year, which were not foreseen when the original high needs block allocations were calculated by the ESFA, including the Health and Social Care Levy, that will be applied initially through increased national insurance contributions from employers.

3.5 The budget monitoring forecasts have not been updated since the last meeting in December and the management plan's financial projections stay the same. This is shown in Appendix A

4. Outcome of the High Needs sub group consultation

4.1 The consultation was emailed to schools on 10 December 2021 and closed on 5 January 2022. To give schools an opportunity to discuss the details proposed, two roadshows were proposed to be held via Microsoft Teams with representatives from six schools attending.

4.2 The consultation asked schools whether they wished to reduce the current transfer from the schools block to the high needs block from £3.1m to £1.9m. The consultation was designed in such a way that if schools did not want to continue the transfer then consideration would be given to the most suitable options to address the overspend on the High Needs block.

4.3 There were two options presented: to reduce the services provided by Family Early Help, behavioural services, and SEN teams, or reduce the Education, Health and Care Plan's (EHCP) top-up rate.

4.4 On the school block transfer, all schools that responded agreed with the proposal.

4.5 It is recommended to the Schools Forum to approve the schools block transfer of £1.2m or 0.44%, this is less than 0.5% which the schools forum can approve without seeking the approval of the Secretary of State.

- 1) Agreeing a block transfer of up to 0.5%, which amounts to £1.2m.

5. Funding Rates 2022-23

5.1 The High Needs block funds the special schools, EHCPs in a mainstream setting, alternative provision, hospital schools, and outer borough placements. This report is only concerned about setting the funding rates for in-borough placements.

5.2 The supplementary grant to the schools block is a passporting grant whereby the amount received by the LA will need to be passed straight to schools. This is not thought to be the case for high needs supplementary grant. The proposal below is based on ensuring special schools will be treated in the same way by increasing the funding rates by the assumed level of inflation, 2.9%. If at a later time the supplementary grant is treated as a passporting

grant then the rates will be re-adjusted accordingly. The top-up funding has also be adjusted to take account of the inflation on the £10,000 place led funding

Table 1 – Special schools top-up rates

School	Places	Top-up	Inflation		Top-up
		Rate 2021/22	Top-up	Base	Rate 2021/22
		£	at 2.9%	2.90%	£
Special Schools					
Beormund School	35	£18,950	£550	£290	19,790
Cherry Garden	85	£23,125	£671	£290	24,086
Haymerle School *1	77	£20,287	£588	£290	21,165
Highshore	140	£14,479	£420	£290	15,189
Tuke School	90	£21,024	£610	£290	21,924
Spa School *2	70	£20,534	£595	£290	21,419
Newlands Academy	75	£21,655	£628	£290	22,573

5.3 The Schools Forum High Needs Sub-Group met on the 14th December 2021. Discussions took place on issues faced by special schools and their corresponding funding rates. It was agreed to recommend to the Schools Forum to

***1 Haymerle Special School**

To continue for a further two years with the funding arrangements adopted last year, where Haymerle started taking classes of higher need children. They have opened two classes at the request of the LA, whereby instead of having 7 pupils the classes now have 5 pupils, and as a consequence there is a funding shortfall due to the fewer pupils while the existing top-up rates are used. This provision will be reviewed as part of the ASD review workstream.

***2 Spa Educational Trust – Camberwell**

Spa Camberwell opened in September 2020 and continues its expansion to eventually have 120 pupils. Although in September 2021 there was 67 commissioned places. Like all new schools it faces financial difficulties as it starts to fill up with pupils. These difficulties are mainly caused through not having a full complement of pupils to support the costs of the management team. In some respect this issue is negated in mainstream schools as they receive a lump sum to support management costs. This is not the case with special schools, as all funding flows from pupil numbers

Further for Spa Camberwell the Spa school's current funding band reflects that the school had only secondary age children in the past. Camberwell also includes Primary age children. Primary autism funding rates are generally higher than secondary rates. In additional the school is taking pupils of more complex needs. It was agreed to recommend to the Schools Forum that for a two year period only that

the pupils at the Spa Camberwell site be funded at the same rate of funding as Cherry Garden as this was deemed the nearest to the level of need of the children (The Spa Bermondsey children would continue with the same rate as adjusted in line with the general proposals on inflation for all special schools in this paper). As suggested last year this will be back dated, if agreed. Going forward the funding rates for Spa Camberwell will form a part of the ASD review.

6 Resource Base Funding Rates

6.1 The resource base funding rates proposed for next year are shown in Table 2. The reduction in the autism base has already been agreed.

6.2 There are three types of resource bases: Speech and Language; Autism and Hearing Impaired. It is proposed to increase these by the same increase for special schools of 2.9%. In doing so allowing the same increase for the place led funding element – the £6,000.

Table 2 Resource base funding rates

Resource Bases	Top-up Rate 2021/22	Top-up Rate 2022/23
Speech and Language	£5,922	£6,268
Autism	£14,201 / £12,290	£14,787 / £12,820
Hearing Impaired *1	£8,513	8,934

*1 The Hearing Impaired unit is currently receiving the above top-up rate but in addition is also receiving funding for pupils with EHCPs. This does not happen in the other resource bases; it is proposed that the High Needs Sub-Group reviews the top-up rate.

7 Pupil Referral unit

7.1 Our Pupil Referral Unit - Southwark Inclusive Learning Service (SILS) - is funded in a similar way to special schools with place-led funding of £10,000 and a top up, currently at £11,000. It is proposed increase this by the rate of inflation, which amounts to £600. The LA will be commissioning fewer places though next year.

8 Hospital schools

8.1 Hospital schools are funded on the basis of place-led funding. Southwark has two hospital schools and the funding rates for the current year are as follows:

Evelina Hospital School	£23,643
Bethlem and Maudsley Hospital School	£30,016

8.2 The funding for hospital is separated out with in the allocations and comes to £3,462,450.

8.3 While the Department of Education are continuing to hold discussions with LAs, hospital schools, and other interested parties about options for the funding of hospital education, there remains an intention to introduce a formulaic hospital education factor in the high needs national funding formula in future years, that takes into account both local authority spending data and NHS data, and responds to the number of patients needing education.

8.4 As part of the settlement there has been an 8% increase in hospital education funding, LAs have been asked to consider carefully, following consultation how much of this increase is passed on to Hospital Schools, taking into account any increase in their costs. It is proposed the funding for hospital schools is aligned to the amount allocated.