

## SCHOOLS' FUNDING FORUM

<b>SUBJECT:</b>	High Needs 2022-23 – Increases to Funding Rates
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### SUMMARY OF REPORT:

To seek the Schools' Funding Forum (SFF) views on the high needs budget for 2022-23 and the proposals to increase the rate paid to support children with high needs in Special Schools, FE Colleges, Specialist Resource Provisions (SRPs) and mainstream settings.

<b>FOR:</b>	Decision
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### 1. Background

- 1.1 Recent Government announcements have confirmed the High Needs Budget in Kent is expected to increase by £33m to a total of £282m in 2022-23 (including the supplementary grant). This is an increase of 12%.
- 1.2 The purpose of the budget is to support the educational attainment of children and young people with special educational needs and disabilities (SEND). This budget funds payments to maintained schools and academies (both mainstream and special), independent schools, further education colleges, specialist independent providers, pupil referral units and some SEND statutory services provided by KCC.
- 1.3 The Forum will know the High Needs budget is under significant financial pressure as set out in previous papers/presentations to the SFF and the latest forecast for 2021-22 suggests a net deficit of approximately £43m as set out below:

Table 1

	2020-21	2021-22
	£'ms	£'ms
High Needs Dedicated Schools Grant	222.9	248.4
Transfer from Schools Block	9.8	10.0
Total Income	<b>232.7</b>	<b>258.4</b>
Total Spend/Forecast	264.6	301.8
Total Net In-Year Deficit	31.9	43.4

- 1.4 Item 6 of the Agenda includes details of the historic increase in the number of children supported by the high needs budget and the associated cost rises

along with the average cost. The forecast for future years is extremely difficult to predict in the absence of the outcome of the Government's SEND review but assuming the current trend in the number of pupils continues it is estimated the shortfall in the high needs budget could be over £50m in 2022-23 even with the additional £33m provided by Government, this would give a cumulative deficit in the DSG reserve of over £150m. It is important to note this forecast does not include any assumptions about the impact of changes in practices nor strategies to support inclusion. Forecasting the High Needs budget post 2022 is extremely difficult.

- 1.5 In 2020-21 and 2021-22 the rates within the Special Schools Funding Formula (SSFF) were increased by 4% and 3% respectively, this mirrored the mainstream general rate increases in the National Funding Formula (NFF). These were the first rate increases that had been applied to the SSFF since 2015 following the introduction of the place plus methodology in 2013. Prior to 2020-21, Special Schools had been reliant on Teachers Pay Grant and Teacher Pension Employee Contribution Grant to help support the increasing costs of teachers. There had also not been any additional funding to help towards the annual cost increases of support staff on the Kent Pay Scheme, of which Special Schools have a higher proportion of staff than Mainstream schools. The ESFA has continued to set the Minimum Funding Guarantee (MFG) for Special Schools at 0%. The exception to this is the change made to the SEMH funding rate in 2021-22 where the decision was taken to fund all SEMH places at the higher rate.
- 1.6 The rate paid per place for Special Resource Provisions was frozen in 2021-22 following a 4% increase in 2020-21. Prior to this the rate has not increased since 2013.
- 1.7 In August 2018 a new block payment system was introduced to support young people with SEND in FE Colleges. The contract value was fixed for 2 years and is due to end in July 2020. A 4% uplift was also applied from September 2020 with no further increase in September 2021.
- 1.8 The rate paid for to support pupils with the high needs in mainstream schools was also increased by 4% in 2020-21 with a rate freeze implemented in 2021-22.
- 1.9 Item 3 of the agenda sets out the expected pressures educational provisions will experience during 2022-23 including:
- 1.25% NI increase
  - 3%-5% TCP Support Staff Increase
  - Unknown teachers increase: no inflationary last year (Sept 21) but Government has requested proposals for substantial increases in pay from Sep 22 for experienced teachers and significant moves to implementing £30k minimum starting salary.
  - Inflationary increases on other services

## 2. **Proposal to Increase Rates**

- 2.1 The Council must balance the significant pressure the High Needs budget whilst acknowledging some of the inflationary pressures Kent's schools and colleges are facing. Below is a table of the approximate cost of increasing the rate paid to Special Schools, Special Resources Provision, FE Colleges and mainstream settings in 2020-21 by a set percentage. It costs approximately £1.6m for every 1% increase in the rate paid.

Table 2 Estimated cost of increase the rate increase by provision type

	1.25%	3%	4.25%
Special Schools	£824,840	£2,500,567	£3,741,913
Observation & Assessment	£21,987	£52,773	£74,761
Alternative Provision	£181,391	£435,338	£616,729
SRPs	£194,420	£466,607	£661,027
FE College	£118,355	£284,051	£402,406
Mainstream	£443,750	£1,065,000	£1,508,750
	£1,784,743	£4,804,338	£7,005,587

- 2.2 The original estimates assumed a 2% increase therefore any higher increase applied to the current rates/contracts paid will add to the forecast deficit in the High Needs block.
- 2.3 There is currently a commitment to review all the High Needs Budgets, as part of the SEND Statement of Written Action and DSG deficit recovery plan. This will include a review of the Special Schools Formula, FE College block contract, Special Resource Provision and Mainstream funding. Therefore, any increase in rates agreed for 2022-23 will be an interim measure ahead of the recommendations of these reviews.

### 3. Recommendation

- 3.1 Members of the Forum are asked to consider the impact of differing percentage increases and recommend to the LA an increase for 2022-23.