

SCHOOLS' FUNDING FORUM

SUBJECT:	High Needs 2020-21 – 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 2020-21 and the proposals to increase the rates paid to support children with high needs in Special Schools, FE Colleges, Specialist Resource Provisions (SRPs) and mainstream settings.

FOR:	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 £16m to a total of £220m in 2020-21. This is an increase of 8%.
- 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 High Needs budget is under significant financial pressure as set out in previous papers/presentations to the SFF and the latest forecast for 2019-20 suggests a net deficit of approximately £17m as set out below:

Table 1

	2018-19	2019-20
	£'ms	£'ms
High Needs Dedicated Schools Grant	202.1	201.8
Transfer from Schools Block	4.4	9.2
Additional High Needs Grant	3.6	3.6
Total Income	210.0	214.6
Total Spend/Forecast	215.7	232.0
Total Net In-Year Deficit	5.7	17.4

- 1.4 Appendix 1 shows the historic increase in the number of children supported by the High Needs budget and the associated cost rises. The forecast for

future years is extremely difficult to predict with accuracy but assuming the current trend in the number of pupils continues it is estimated the shortfall in the High Needs budget could be around £25m in 2020-21 even with the additional £16m provided by Government. This would give a cumulative deficit in the DSG reserve of over £50m. It is important to note this forecast does not include any assumptions about the impact of changes in practices nor strategies to support inclusion (i.e. Item 4b 1% transfer and KCC's response to the Ofsted Written Statement of Action). Forecasting the High Needs budget post 2021 is extremely difficult. It is not possible to estimate the impact of any changes in Government policy following the SEND review or future funding.

- 1.5 At a time of unprecedented growth in the total amount spent on supporting children with SEND in specialised provisions the rate paid to place pupils in Kent special schools has remained static. Since the introduction of the place plus methodology in 2013 the rate per pupil has only been increased once in 2015. In addition, the Specialist Teaching and Learning Service (STLS) was devolved to Special Schools in 2012 and the contract value has not been increased. Special Schools have only received the Teachers Pay Grant in the last 2 years to help towards recent pay increases for Teachers. There has 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 have set a Minimum Funding Guarantee for Special Schools of 0% for 2020-21.
- 1.6 It is a similar position for Special Resource Provisions who have also seen a cash freeze in the rate paid per place. 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 Further Education (FE) Colleges. The contract value was fixed for 2 years and is due to end in July 2020. FE colleges have requested a review of the top-up funding rate at the end of this contract (also referred to as Element 3).
- 1.8 The rates paid to support pupils with high needs in mainstream schools & academies has not been reviewed since the implementation of the Need Specific graduated top up funding arrangements in April 2018.
- 1.9 Appendix 1 also includes the average cost per year of a High Needs placement by institution. The rate paid to external providers such as independent, non-maintained and Specialist Provider Institutions has increased by 8% over the last 3 years. This increase will be due to both increasing complexity of children and young people being placed along with inflationary pressures as the external providers will set their price based on current costs.

2. **Proposal to Increase Rates**

- 2.1 The Council recognises the significant pressure the High Needs budget is currently under however it also understands the need to acknowledge 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 £1.4m for every 1% increase in the rate paid.

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

	% increase to Rate				
	1%	1.5%	1.84%	2%	3%
Provision Type	£'000s	£'000s	£'000s	£'000s	£'000s
Special Schools	871	1,307	1,603	1,742	2,614
Special Resource Provisions (SRPs)	115	173	212	230	345
FE College (top up funding only)	39	58	71	77	116
Observation & Assessment	16	24	30	32	49
STLS	76	114	140	152	228
Mainstream	235	353	432	470	705
Total Cost in 2020-21	1,352	2,028	2,488	£2,704	4,056

- 2.2 Any increase to the current rates/contracts paid will add to the forecast deficit in the High Needs block. There is no proposal to use some of the 1% transfer from the Schools Block to fund these increases. Therefore, the proposals outlined in the Local Funding Formula Consultation (Item 4b 1% transfer) should be considered separately to the proposals detailed here.
- 2.3 A commitment has been made to review the High Needs Budgets as part of the response to the OFSTED Written Statement of Action. This will include a review of the Special Schools formula, STLS contract, FE College block contract, Special Resource Provision and Mainstream funding. This will be completed during 2020 in preparation for being implemented from April 2021. Therefore, any increase in rates agreed for 2020-21 will be an interim measure ahead of the recommendations arising from 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 2020-21.

Appendix 1A High Needs Pupil/Student Numbers by Institution Type

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Forecast
Special Schools	3,272	3,349	3,572	3,649	3,854	4,197	4,540
Resource Provision	804	810	874	884	890	985	1,078
Mainstream Schools	802	860	1,475	2,222	2,341	2,293	2,752
Independent and Non-Maintained	458	491	521	562	726	796	888
ISP Post 16 Colleges	87	71	64	61	70	72	73
Sub Total - Independent provision	545	562	585	623	796	868	961
OLA Maintained	95	103	87	107	121	152	189
FE Colleges	467	570	636	800	805	805	805
SPI ILP & OLA FE	-	-	-	55	250	169	223
TOTALS	5,985	6,254	7,229	8,340	9,057	9,468	10,548

Appendix 1B High Needs Spend by Institution Type

	2013- 14	2014- 15	2015- 16	2016- 17	2017- 18	2018- 19	2019-20	Movement 2018-19 to 2019- 20	
	Actual £'000	Actual £'000	Actual £'000	Actual £'000	Actual £'000	Actual £'000	Forecast £'000	£'000	%
Special Schools	67,048	68,543	68,118	70,460	74,108	79,022	86,217	7,194	9.10%
Resource Provision	13,118	14,919	15,274	16,009	12,443	13,438	14,801	1,362	10.14%
Mainstream Schools	8,755	8,899	14,398	23,797	22,084	17,571	22,512	4,941	28.12%
Independent and Non- Maintained	17,581	19,840	22,588	24,384	29,461	35,717	39,000	3,283	9.19%
ISP Post 16 Colleges	6,000	5,359	4,281	4,561	5,225	5,270	4,900	-370	-7.03%
Sub Total - Independent provision	23,581	25,199	26,869	28,945	34,686	40,988	43,900	2,912	7.11%
OLA Maintained	2,295	2,531	2,661	3,160	4,165	5,275	6,200	925	17.53%
FE Colleges	4,229	4,980	6,867	8,081	8,724	8,944	9,134	190	2.13%
SPI ILP & OLA FE	0	0	0	366	1,728	2,227	1,999	-227	-10.21%
TOTALS	119,026	125,071	134,186	150,817	157,938	167,465	184,763	17,298	10.33%

Appendix 1C High Needs Average Cost per year by Institution Type

	2017-18 £'000	2018-19 £'000	2019-20 £'000
Special Schools	19.2	18.8	19.0
Resource Provision	14.0	13.6	13.7
Mainstream Schools	9.4	7.7	8.2
Independent and Non-Maintained ISP Post 16 Colleges	40.6 74.3	44.9 73.2	43.9 67.1
Sub Total - Independent provision	43.6	47.2	45.7
OLA Maintained	34.4	34.7	32.8
FE Colleges	10.8	11.1	11.4
SPI ILP & OLA FE	6.9	13.2	9.0
TOTALS	17.4	17.7	17.5