

REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	16th April 2021
2.	Title:	Update on High Needs Block (HNB) Operational Guidance 2021/22
3.	Directorate:	Finance and Customer Services

1. PURPOSE OF REPORT

- 1.1 This report builds upon previous reports to Schools Forum setting out the main changes to the High Needs Operational Guidance and proposes recommendations to ensure compliance and financial sustainability

2. RECOMMENDATION(S)

- 2.1 That Schools Forum note the changes to the 2021/22 High Needs Operational Guidance
- 2.2 That Schools Forum support the recommendations to award place funding on a lagged basis for maintained and academy specialist provisions in order to apply a consistent approach with SPI & non-maintained special schools (NMSS) as outlined in the guidance.

3. BACKGROUND INFORMATION & CONTEXT

- 3.1 Nationally there are growing concerns about the level of funding within the High Needs Block, local authority financial recovery plans and compliance with HNB operational guidance.
- 3.2 The level of funding has been acknowledged by the DfE as not being sufficient to meet needs and that is why on the 30th August 2019 the DfE announced that they will invest over £14 billion in primary and secondary education between 2020/21 and 2022/23. The additional funding for schools and high needs, compared to 2019-20, will rise by £2.6 billion for 2020-21, £4.8 billion for 2021-22 and provisionally £7.1 billion for 2022-23.
- 3.3 In 2020/21 the £2.6 billion was split £1.9 billion to the Schools Block and £0.7 billion to the High Needs Block. For Rotherham this was an additional £6.2m for schools and £4.8m in the High Needs Block. In 2021/22 the £2.2 billion is split £1.47 billion Schools Block and £0.73 billion to the High Needs block. For Rotherham this is an additional £5.5m for schools and £5.3m in the High Needs Block. The 2022/23 split is provisional and still to be determined.
- 3.4 The DfE have recently acknowledged the need to review the national funding formula for allocations of high needs funding to local authorities by launching a consultation on 10 February 2021. It proposes changes to the historical spend element for 2022/23 as well as looking at other funding factors in future year

4 CHANGES TO HIGH NEEDS 2021/22 OPERATIONAL GUIDANCE

Place Funding

- 4.1 Although the national funding formula and underpinning operational processes and principles remain largely unchanged from 2020 to 2021, the ESFA have clarified certain aspects of this guidance, particularly relating to the sections on place and top-up funding obligations.
- 4.2 Place funding should not be withdrawn if an individual does not occupy a funded place and a local authority may not seek to recover funding for places it considers unused in the previous or current academic year. An institution should approach the provider local authority if the number of pupils or students, agreed as having high needs by the relevant local authority, exceeds the number of funded places to an extent that results in the institution incurring additional costs of special provision not met through the top-up funding amount normally paid. We expect the provider local authority to engage with the institution and agree how the costs of the additional special provision required are to be met, and these conversations should take place as early as possible.
- 4.3 The provider local authority should not automatically be charged an additional £6,000 or £10,000 per pupil or student. The amount should reflect the actual costs of making additional special provision available, which may only be marginal, and an agreement between the provider local authority and the institution on how those costs are to be met. The import/export adjustment should compensate the provider local authority for actual pupils or students living in other local authority areas who attend the institution, albeit in the subsequent financial year.
- 4.4 This is particularly relevant for any centrally funded institutions (for example SPIs and NMSSs) because ESFA acts as their provider local authority. ESFA funds centrally funded institutions on a lagged basis. This means students or pupils who attend an institution in any given year will be funded on a lagged basis in the following year. Therefore, centrally funded institutions should not seek to secure any additional place funding from any local authority to avoid a situation where a local authority effectively funds a place twice. **If a centrally funded institution has a significant number of pupils or students over and above their allocated place numbers, and they have concerns about how that will be funded through the lagged funding approach, they should contact ESFA.**

Principles for Top-Up funding

- 4.5 While we expect commissioning local authorities to work constructively with institutions to determine and agree the levels of top-up funding required, local authorities bear the ultimate responsibility for decisions on top-up funding, as they are accountable for spending from their high needs budgets

- 4.6 In all instances, pupils or students with an EHC plan must have their placement commissioned by a local authority, and the local authority should confirm in writing the amount of top-up funding to be paid. Even where provision is specified in an EHC plan, there is no statutory requirement that a local authority has to pay top-up funding at a particular rate requested by a school or institution.

Teachers' pay and pensions funding

- 4.7 For 2021 to 2022 the teachers' pay grant (TPG) and teachers' pension employer contribution grant (TPECG) have been included within the high needs national funding formula. The grants have been incorporated by:
- increasing the basic entitlement factor of the high needs formula that pays out on the basis of the number of pupils in special schools, from £4,000 to £4,660 to include funding currently paid for TPG and TPECG to special schools separately
 - allocating the funding that the TPG and TPECG currently provide to alternative provision (AP) through an additional factor in the high needs national funding formula, because the basic entitlement factor does not include funding for AP settings
- 4.8 The ESFA expect this high needs funding to be additional to any place funding or top-up funding and for it to be paid directly to all maintained schools and academies, and to independent special schools, in line with the arrangements for payment of the separate TPG, TPECG and pensions supplementary fund allocations in 2020 to 2021. None of this funding will be recouped for payment by ESFA to academies. ESFA will make the payments of this funding directly to non-maintained special schools (NMSS).

5. RECOMMENDATIONS

- 5.1 That Schools Forum note the changes to the 2021/22 High Needs Operational Guidance.
- 5.2 That Schools Forum support the recommendations to award place funding on a lagged basis for maintained and academy specialist provisions in order to apply a consistent approach with SPI & non-maintained special schools (NMSS) as outlined in the guidance.

6. NAMES & CONTACT DETAILS

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