

# Southend-on-Sea Borough Council

Executive Director of Finance and Resources  
Executive Director of Children and Public Health

to

## Education Board

On

22<sup>nd</sup> June 2021

Agenda  
Item No.

Report prepared by:

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In consultation with:

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### High Needs Block detailed budget allocation 2021/22

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#### 1 Purpose of Report

To present the High Need's DSG (Dedicated Schools Grant) Block detailed budget allocations for 2021/22.

#### 2 Recommendations

Education board (EB) are asked to agree:

- 2.1 To adopt the revised flexible place fund allocation scheme from September 2021. (As referenced in section 7.2)
- 2.2 That the in borough high need top up funding rates awarded to special schools, enhanced main stream units and mainstream schools are adopted on the new and revised banded model from September 2021 including a 2.0% uplift applied to those new rates. (As referenced in section 7.3, 7.4, 8.2)
- 2.3 In view that there has been no recent increase in top up rates passed over to the Pupil Referral unit, the top up rates are uplifted by 4.0% from September 2021. (As referenced in section 7.6)
- 2.4 And in consideration of recommendations 2.1 to 2.3, combined with the budget requirements as presented in this paper, agree and adopt the detailed High need budget allocations for 2021/22.

And to note:

- 2.5 Additional DSG funding for the former and separate teacher pay and pension grants will now be passported through to the Special Schools and Alternative Provision settings from April 21 (As referenced in section 7.5).

### **3 Background**

- 3.1 The Department for Education (DfE) announced the Dedicated Schools Grant (DSG) funding allocations for 2021/22 on the 18<sup>th</sup> December 2020. The Final “Dedicated Schools Grant 2021/22 budget paper” was presented to the Education Board on the 19<sup>th</sup> January 2021, providing the totality of funding for each of the 2021/22 DSG funding blocks including High Needs.
- 3.2 The following points should remain minded:
- 3.2.1 Southend had considerable overspend pressures on its high need block for the two financial years 2016/17 and 2017/18, 2018/19 was the first financial recovery year with a small in year underspend that alleviated some pressure on depleted and deficit High Need funding reserves, although a High Need deficit reserve still remained. Combined with additional funding received from the DfE, 2019/20 saw the first sign of full recovery leading to fully restored positive end of year DSG reserve balances including High Needs within. Whilst 2020/21 planned high need spend provision did grow and in comparison to 2019/20 (including an additional circa £3M of DfE funding), a further and expected attributable underspend was achieved in 2020/21 now meaning financial health and sustainability for current High Needs funding provision. Combined with the further additional DfE funding High Needs has received in 2021/22, this is now a very strong financial position for Southend and support of High Needs funding position moving forward, enabling further growth in provision to remain both affordable and achieve improved outcomes for young people.
- 3.2.2 It is therefore once again welcome to re-confirm that through the joint work of Southend’s Local Authority, Education Board, Special Schools and Schools over the last 5 years, combined with the additional funding received from the DfE that Southend’s High Needs block is now in this financial position.
- 3.3 Risk on funding pressures within the High Needs Block will always remain and this is due to a combination of increased demand and therefore award of funding for Education Health and Care Plans (EHCPs), as well as, complexity of cases requiring more places in special schools and independent provider placements which includes Alternative Provision (Non-EHCP support) as well. This is also a picture that is being experienced in the majority of other local authorities. Therefore, we need to continue to sensibly plan the distribution of available High Needs funding to continue to remain affordable within the funding received.

#### **4 2021/22 High Needs DfE funding allocation**

- 4.1 The detailed and proposed high needs budget allocation for 2021/22 is presented in Appendix 1.
- 4.2 As first presented in the October 2020 EB DSG paper, the following were the key headline announcement released by the DfE in relation to High Needs funding allocation for 2021/22.
- 4.2.1 The funding floor within the DfE funding formulae itself will be set at 8% so each local authority can plan for an increase of at least that percentage, after taking into account changes in their 2 to 18 population estimated through the office of national statistics.
- 4.2.2 The gains cap will be set at 12%, on the basis of per head of population, allowing authorities to see up to this percentage increase under the funding the formula.
- 4.3 Therefore, to remind, for our own local 2021/22 DSG high need funding allocation this has set an allocation of £25.558M, an additional £3.046M from 2020/21 (Note £0.482M of which relates to former teacher pay and employer pension grants and must continue to be passed through to relevant settings), applying the full gains cap at 12%, which as previously stated, is because Southend has historically remained below an uncapped formulae but now awarding Southend its full funding allocation for 2021/22 under the current national funding formulae.
- 4.4 The high needs block funding allocation does still remain provisional until July 2021, whereby the DfE will then be updating the final funding allocation in recognition that the authority meets all the high need place funding costs in their home area regardless of the pupil's own home authority residence (excluding free special schools). And this is known by DfE terminology as the "high need import and export funding adjustment". Therefore the home authority will be compensated (at £6000 per pupil) in relation to high need place funding, where that authority supports more pupils (than the previous year) who live outside of the home resident authority area than pupils they have been required to place in another local authority area, or on the contrary, a reduction in the local import and export funding adjustment will be applied if the opposite event occurs. Currently Southend's funding allocation is based on a net import of 76 pupils (based on the July 2020 applied Import and Export adjustment).

## 5 Summary table of proposed budget allocations between 2020/21 to 2021/22 as illustrated in Appendix 1

Summary Heading	2020/21 Final Budget (A)	2020/21 Final Spend	2021/22 Opening Budget (B)	Budget movement Increase / (decrease) (B – A)	2021/22 Opening Forecast
Place funding	£8.064m	£7.854m	£8.254m	+£0.190m	£8.188m
Special and PRU/AP top up funding	£6.072m	£5.502m	£6.781m	+£0.709m	£6.770m
<b>Subtotal</b>	<b>£14.136m</b>	<b>£13.356m</b>	<b>£15.035m</b>	<b>+£0.899m</b>	<b>£14.958m</b>
Schools, early years, post-16 top up funding	£4.112m	£3.718m	£4.480m	+£0.368m	£4.480m
Independent Providers	£1.950m	£1.400m	£1.950m	+£0.00m	£1.950m
Other Provisions including SLA's	£1.830m	£1.444m	£1.964m	+£0.134m	£1.907m
<b>Total services line total</b>	<b>£22.028m</b>	<b>£19.918m</b>	<b>£23.429m</b>	<b>+£1.401m</b>	<b>£23.295m</b>
Funding allocations to support required future growth in high need provision	£0.000m		£1.800M	+£1.800M	
Remaining balance held aside from service provision to support any in year high need funding pressures	£0.484m		£0.329m	-£0.154m	
<b>Total</b>	<b>£22.512m</b>	<b>£19.918m</b>	<b>£25.558m</b>	<b>+£3.046m</b>	<b>£23.295m</b>

## 6 Place Funding 2021/22 Academic year

- 6.1 Appendix 2 – provides the place funding allocations and funded pupil numbers for each school/college from September 2021 within Southend, including the commissioned place funded number movement from 2020/21 and this is now a confirmed total place number allocation of 961 for 2021/22 (a further growth of 25 places from 2020/21).
- 6.2 In accordance with statutory DfE guidance, the place funded numbers from September 2021 to August 2022 have been agreed and revised by the Head of SEND in consultation with the respective special schools, Further Education colleges and enhanced mainstream bases and the Head of Access and Inclusion with the pupil referral unit. The DfE require that the place numbers are confirmed by November 2020 for the start of the 2021/22 academic year. Therefore, the place funded numbers are listed as those that have been updated directly with the DfE i.e. where confirmed with the schools in time for the November 2020 submission, and additional place fund allocations that will be funded outside of the DfE submission that have subsequently been agreed with those schools.

- 6.3 With particular reference to the enhanced mainstream bases, it should be noted, that the additional arrangement agreed to honour compensation funding of £4,000 per place per annum where that provision was not full at the time of the School's October 2020 census and therefore to safeguard the funding for that provision is set continue in 2021/22. And this was, as first agreed in the EB DSG High Need Budget paper for 2019/20. Providing an additional allowance of £20,000 in the place funded budget to administer this funding where expected and applicable.
- 6.4 As result of both the revised and increased place funded numbers as shown in Appendix 2 and requested further £20,000 provision (referenced in 6.3), this derives the additional 2021/22 place funding allocation to be awarded of £190,000 compared to 2020/21. And note - the actual place funded amounts per pupil are defined by the DfE and set at £10,000 per annum per place for Southend's special schools, pupil referral unit and alternative provision free school. And Further Education post 16 providers are set at £6,000 per place per annum.
- 6.5 The final budget allocation awarded to place funding in 2020/21 is therefore £8.254M, Whilst some of these increases will not come into effect until Sept-21 (7/12ths of the 2020/21 financial year), to aid long term financial planning the budget has been set on a full year allocation.

## **7 Top up funding for Special Provisions and Pupil Referral Unit**

- 7.1 All top up funding budget allocations have been updated in accordance and inconsideration of the additional place funded numbers from September 2021.
- 7.2 Historically, under a local agreement and to remind a flexible place funding top up provision of £40,000 has been set aside to honour an agreement of an additional £20,000 per annum to a special school, where a special school's actual place numbers rise above their commissioned funded place number allocation by a further 7. This is of course, a 1 year temporary financial compensation measure as the following the year if that increase in place numbers was expected to continue, a special schools core place funded number would be set with a proposed increase on a permanent basis. Now, following a review of that funding model, a more equitable distribution model is now proposed considering the size of the school as well from September 2021. The revised formulae is displayed in Appendix 7, but in summary it is now proposed this revised and locally agreed 1 year compensation model is calculated by comparing the additional numbers of pupils above a schools core funded place number to every whole % point increase above a schools core funded place number, and where those additional numbers are above that whole % point increase, an additional £4,000 per annum, (pro-rata'd per term) will be honoured. The current expectation is this model from September 2021 will continue to cost within the £40,000 budget provision but now of course administered on this more equitable distribution method.

- 7.3 The current number of Southend pupils expected to attend a special school in 2021/22, and their associated top up banded amount has been formulated to calculate the overall annual expected amount for distribution. The workings of this calculation are shown in Appendix 3. As referenced in the separate and previous 'Implementing a new EHCP top up Banding Scheme from September 2021' paper, Appendix 3 displays the funding allocations now administered on the revised banded model. It must be commended that this is a great step forward for Southend and now offers a consistent framework from which EHCP top up amounts are assessed and awarded. Appendix 3, includes the full workings to ensure that by administering this change no special school has been affected beyond Minimum Funding Guarantee (MFG) protection. The revised banding model is therefore considered alongside the existing banded model for 2021/22 had that remained in place. As a total, the cost of the revised banded model is an additional 6.5% funding growth for top ups which includes a 2% uplift applied to the new banded top up rates themselves from September 2021 or an equivalent total 2.8% growth when compared to both place and top up funding combined had top ups remained administered on the previous banded model. As a total, in a cash sum this is an equivalent and further £310,000 across our special schools per annum, but is itself pleasing to confirm remains affordable for High Needs given the additional funding.
- 7.4 Again, as referenced in the separate and previous 'Implementing a new EHCP top up Banding Scheme from September 2021' paper, Appendix 4 displays the top up costs of the Enhanced Provisions within Mainstream Schools now also revised and re-banded from September 2021 including the 2% uplift applied to those new rates. Whilst this allocation is not applicable for MFG protection, it does show there is still a consistency in terms of funded banded levels between the old and now revised banded model.
- 7.5 As referenced in previous 2021/22 DSG EB reports, the DfE have now built within the DSG funding allocations for 2021/22, the teacher pay award and pension grants that prior to 2021/22 were paid by separate grants to the schools. The DfE have instructed that these grant amounts should continue to be paid through the DSG at the same funded levels which they were paid in 2020/21 (and in addition to both place and top up funding). Appendix 6 – therefore displays these 2020/21 grants for the applicable high need schools that will be paid during 2021/22.
- 7.6 With regard to the Pupil Referral Unit (PRU) and on the basis there has been no recent uplift on top up rates, it is therefore recommended and proposed given inflationary rises with teacher and running costs that the top up funding related to the 85 places covering 57 single band Alternative Provision (AP) places, 10 primary and 18 KS3 preventative pathway programme places from the 1<sup>st</sup> September 2021 are all uplifted by 4% from £8,000 per annum (paid on actual occupancy) to a revised £8,320 per annum (paid on actual occupancy). On this proposal the budget allocation for the PRU and AP top ups have been updated for 2021/22 at an additional annual cost of £27,000 and will be incorporated through the service level agreement.
- 7.7 The final budget allocation awarded Special School / Enhanced Provision and PRU top up provision in 2021/22 is £6.781M, this is an increase of £709,000 from the 2020/21 allocation, attributable to both the now revised funding

banding model and additional former teacher pay and pension grant now paid through the DSG.

## **8 Top up funding for early years provider, mainstream schools and post 16 providers**

8.1 The budget allocation attached to Early Years ages 2 to 5 SEND top ups has been set to stay at the same funded level for 2020/21 £130,000. Given the underspend within 20/21, this therefore ensures the funding allocation can support growth in 2021/22 in accordance with proper practise and assessment.

8.2 Again, as referenced in the separate and previous 'Implementing a new EHCP top up Banding Scheme from September 2021' paper, Appendix 5 displays the top up costs of the Mainstream Schools now also revised and re-banded from September 2021 on the new model including the 2% uplift applied to those new rates. Whilst again, this allocation is not applicable for MFG protection it does shown there is still a consistency in terms of funded banded levels between the old and now revised banded model for each school.

8.3 Out of borough Mainstream or Special Schools. Where Southend children are placed in schools in another authority, guidance by the DfE expects the top up funding rate of that authority where the child is placed to be honoured. Therefore there is no control in terms of price's to be paid for that child where this occurs. The 2020/21 funding allocation has therefore been slightly increased by £78,000 (from £772,000) to afford a further level of growth in 2021/22 to now a revised allocation of £850,000.

8.4 Top ups for post 16 providers, although an underspend occurred in 2020/21, this remains a priority area of required growth to support the educational need of children as they become young adults. The funding allocation for this provision has therefore been increased by a further £50,000 to a now £850,000 2021/22 budget allocation.

8.5 The final budget allocation awarded to this top up funding provision in 2020/21 is £4.480M, this is therefore an increase of £368,000 from the 2020/21 budget allocation and further supports growth within this provision of service.

## **9 Independent providers**

9.1 School age children whose educational needs are unable to be met through a mainstream school, special school, PRU or the AP free school have to be met through the use of Independent providers. Although, it also needs to be remain noted that Southend has significantly fewer independent school placements than most other local authorities.

9.2 Independent provider provision is only used where there is no viable alternative available within Southend or where directed by SEND Tribunal and therefore these costs are largely unavoidable. Southend has also experienced a now maintained rise in the required numbers of looked after children requiring external residential care placements (which is also being experienced in other authorities nationally). The educational cost of independent provider

placements tend to be more expensive than children educated through either a mainstream or special school provision and particularly when they are required to be placed in a residential school. It is therefore a requirement that this funded allocation is increased to both fund the current levels of expenditure and allow some head room within the funding allocation for potential further growth.

- 9.3 The budget allocation awarded to this funding provision in 2021/22 is £1.950M, and remains set at the same funded level as 2020/21. There was again an underspend on this provision in 2020/21 so it allows head room for growth should it occur.

## **10 Other funding provision including SLA's**

- 10.1 As statutorily required, a budget to support low cost high incidence SEND placements within mainstream school will continue to be set, any required allocation of this funding will continue to be determined by the Head of SEND. This budget allocation is therefore set to remain at £10,000.
- 10.2 The budgeted allocation for education services provided to Southend children in hospitals is set to remain at £100,000. This continues to provide some head room within this provision compared to 2020/21 spend allocations.
- 10.3 Interim tuition service – for local children who because of illness or other reasons would not receive a suitable education. It is proposed to maintain this allocation at £250,000 in 2021/22. This does enable the service to meet increase in demands, as shared in the 2020/21 paper, 2020/21 included the one off purchase of 15 Avatar robots which is now a reduced ongoing license maintenance cost alone. And to remind, the Avatar robots are an innovative scheme that provides pupils with direct interactive learning from the classroom to their home.
- 10.4 It is proposed to maintain the 2021/22 allocation for the contribution to the SEND team at the same funded level in 2020/21 at £635,000, this is also in recognition the allocation was increased in 2020/21 as a result of the previous Written Statement Of Action (WSOA) following the 2018 Joint local area Ofsted SEND inspection. For clarity, this contribution maintains existing staffing levels within the SEND team that also provide Early Years Special Educational Needs Coordinators (SENCO) provision and Education Psychology support.
- 10.5 SEN Support services £211,500, it is proposed to maintain the existing funded provision covering service level outreach agreements for Speech and Language, Autism Spectrum Disorder and advisory SENCO's.
- 10.6 In 2020/21 Education Board approved the introduction of the dedicated Inclusion Manager, this role has proved incredibly effective working directly with Schools and reaching vulnerable pupils who's access to education was often poor or at high risk of exclusion. As the Education Board will be aware the Nurture Base (a previous element of the behaviour and integration outreach inclusion service) sought expressions of interest from registered providers through market engagement but little interest has been received in terms of a

potential provider wanting to continue with this provision. In addition the existing Inclusion Outreach Service contract will finish 31st August 2021. 2020/21 also saw the introduction of the Inclusion Panel that awarded additional top up funding to schools for primary pupils meeting eligibility criteria supporting inclusion and maintaining mainstream placements as an alternative to the Primary Nurture Base. This approach has been piloted in 2020/21 and impact from the panel and resource funding has been reported through to the Vulnerable Learners Sub Group. Given the pandemic it is proposed to continue this approach during 2021/22. Inclusion remains a key priority agenda for all pupils of Southend, and in view of the additional funding high needs has received for 2021/22 it is now proposed to pull together these previous service provisions under a renamed inclusion service that will directly run through the local authority. The inclusion service will incorporate the outreach service from the 1<sup>st</sup> September 2021. The total previous cost of this entire provision in 2020/21 was budgeted at £468,000, it is now proposed from the 1<sup>st</sup> September 2021 to increase service provision by £112,000 to now £590,000. The additional £112,000 will fund 2 inclusion officers through High Needs securing this provision permanently and £60,000 for the additional delivery of interim education tuition for vulnerable pupils found to be missing from education or unable to sustain a placement in school and where placement at the PRU would not be appropriate for the child's needs.

- 10.7 Elective Home Education (EHE), it is proposed to maintain the existing funding provision of £20,000 to support EHE for children with EHCP's but apply a small increase of £12,000 (from £35,000) to now £47,000 from 1<sup>st</sup> September 2021 to support EHE for children with no EHCP's. This additional provision will go towards provision of Year 11 EHE GCSE examination costs. The monitoring of any further uptake of EHE's will continue during 2021/22.
- 10.8 Again, an area that is expected to grow further is the provision of personal budget payments to the parents/carers of children, or to young adults who make an informed choice to receive their EHCP funded supported by direct payment. It is therefore proposed to maintain this budget provision at £100,000, which again allows head room for further growth from 2020/21.
- 10.9 The final budget allocation awarded to this funding provision is £1.964M, and this is a net increase of £134,000 from the 2020/21 budget allocation.

## **11 Budget allocations to support future development and growth**

- 11.1 Whilst this paper sets out a mechanism to allocate a balanced High Needs budget for 2021/21, including again growth applied throughout on existing funding provision. It is welcome to confirm, given the additional £3.024M funding received for 2021/22, there remains a £1.8M that can be targeted to support future years growth and expansion of current high needs provision. This is obviously very welcome news for Southend, the educational community and pupils supported. At this time, the allocation has been simply split three ways to indicate the range of services High Needs funding support and priority areas to see expansion, these include further Enhanced Mainstream bases, further Alternative provision pathways, and an enhanced offer of wider SEND support. It will be the responsibility of the local authority through engagement with the

education community to formulate the creation of these additional provisions moving forward and proposal will come back through to the Education Board.

## **12 Budget retained**

Again, given the additional funding high need has received, a sum at this current time has been held aside to support any overspends on provision during the year. Given the growth required and reference in 11, this will not happen in 2021/22. But to aid long term planning, given the risk and volatility of financial risks associated with High Needs funding where many other local authorities are under financial pressure with required recovery plans. It is prudent to always ensure a funding amount is set aside within a reasonable small tolerance so that any in year overspends can be absorbed without leading to financial recovery actions.

## **13 2020/21 Opening Forecast Outturn**

- 13.1 The budget allocations have been set on permanent full year effect which therefore supports long term planning. The opening forecast outturn reflects that in the 2021/22 there will be expected underspends as some of this growth does not apply until September 2021, combined with recognition some of the new funding allocations will take time to be implemented. Therefore, again this expected opening and one off underspend will be attributable to increase the high need DSG reserve balance adding further to reserve balances, which is also key to long term sustainability of high need funded provision but can also support further one off initiatives where affordable.

## **14 Conclusion**

- 14.1 After recent years of significant funding pressures, it is very welcome that the High Needs Budget allocation for 2021/22, as well as in 2020/21, presents a paper of growth in funding allocations to support our local children and young adults.
- 14.2 However, it must continue to be acknowledged that high needs pupils are those whose educational needs cannot be met by resources delegated via the school's block. Any further reduction in inclusive practice, increased requests for EHCPs, pupil exclusions, parents of SEN pupils electively home educating and placements in special schools all put further funding pressure on the high needs block. Therefore, current and future High Needs budget will continue to the need the support of the wider schools community to remain sustainable.

## **15 Appendices**

Appendix 1 – DSG High Need Budget detail allocation 2021/22  
Appendix 2 – Place funded pupil numbers per school or college from Sept-21  
Appendix 3 – Special school top up funding for 2021/22 est. schedule  
Appendix 4 – Enhanced mainstream unit top up funding 2021/22 est. schedule  
Appendix 5 – Mainstream top funding 2021/22 est. schedule  
Appendix 6 – Teacher pay and Pension grant award 2021/22  
Appendix 7 – Revised Flexible place fund distribution model from Sept 2021