

WESTMINSTER CITY COUNCIL**SCHOOLS' FORUM – 18TH JANUARY 2023****REPORT BY THE ASSISTANT DIRECTOR, SPECIAL EDUCATIONAL NEEDS
AND EDUCATIONAL PSYCHOLOGY AND LEAD STRATEGIC FINANCE
MANAGER – BI-BOROUGH CHILDREN'S SERVICES****HIGH NEEDS BUDGET UPDATE AND 2023/24 PROPOSED BUDGETS**

This report provides an update on the work of the High Needs Block Reference Group, the High Needs budget forecast and recommendations about 2023/24 arrangements and Budget.

FOR INFORMATION AND DECISION**1. INTRODUCTION**

- 1.1 The Schools' Forum is requested to note the High Needs Budget Review Group update and approve the recommended budgets for 2023/2024 financial year.
- 1.2 As detailed in DSG monitor paper elsewhere on the agenda, the high needs block is forecast to underspend by £2.404m in 2022/23

2. BACKGROUND

- 2.1 The High Needs Budget Review Group (HNBRG) was established to provide an opportunity for officers and schools/settings to consider the ongoing use of High Needs Block funding and any new developments. Terms of Reference ensure schools are represented by headteachers from all ages, phase and types of provision.

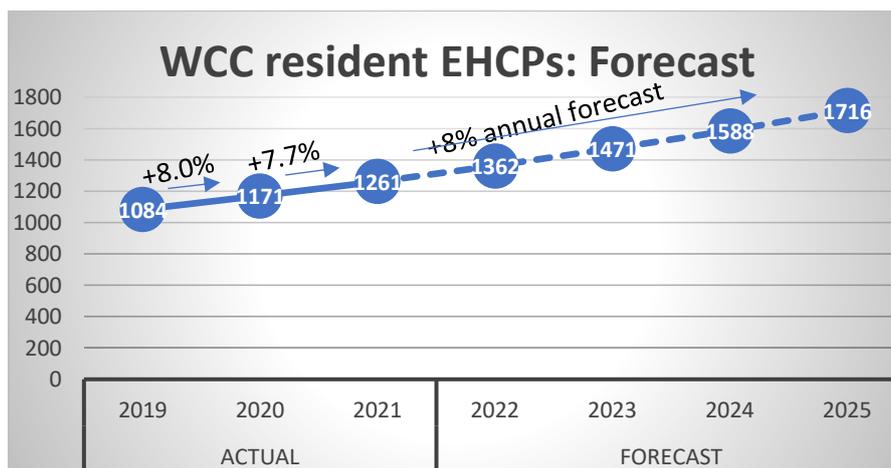
3 HIGH NEEDS FORECAST

- 3.1 The 2022/23 High Needs block is now forecast to underspend by £2,404,000 as shown in the table below. This reflects significant work to verify destinations for 160 students previously in post 16 settings to ensure that EHCPs can be ceased and funding for support is no longer an in-year financial commitment as well as amendments as a result of the recalibration of the allocated bands via the Education Banding Tool (EBT).
- 3.2 Work to verify post 16 costs relating to 2021/22 identified a significant number of students no longer in Education having left during the Covid 19 pandemic. As EHCPs are now ceased, there is no longer a financial commitment. This has resulted in a further reduction of £600,000.

- 3.3 The forecast top up figures are subject to change, as validation is taking place regarding new starters and costs for individual young people, particularly those in the FE colleges, to ensure that all additional costs are included

Budget Area	Revised Budget	Forecast Dec 22	Projected Variance
	£'000	£'000	£'000
Top-Up Maintained Pre-16	7,567	6,784	(783)
Top-Up Academies, Free, College Pre-16	3,611	3,142	(469)
Top-Up Out of Borough	6,375	5,860	(515)
Top-Up Independents Pre-16	3,365	3,402	37
Top-Up Post 16 Academies, Colleges	3,429	2,880	(549)
Top-Up Post 16 Independents	2,008	2,331	323
Top-Up Post 16 Maintained	329	199	(130)
Targeted Support	250	250	0
Special Schools and Units Places	2,728	2,685	(43)
Alternative Provision Commissioning	922	1,019	97
Hospital Education	344	344	0
Looked After Children Belongings Regulations	830	513	(317)
SEN Outreach	784	845	61
SEN Commissioning ABA	0	0	0
SEN Services	530	530	0
Occupational Therapy	513	643	130
Portage	197	197	0
Other Support & Therapies	162	196	34
Speech & Language Therapy (SALT)	1,203	1,431	228
Equipment	50	50	0
Estimated increase in import adjustment for college places from September 2022, will be receive in 2023/24 adjustment.	(255)	0	255
Decrease in DSG Jan' allocation	(696)	0	696
Increase in DSG Nov'22 allocation (import/export adjustment)	858	0	(858)
2021/22 costs below estimate in accounts		(600)	(600)
Total High Needs Block	35,105	32,701	(2,404)

- 3.4 During 2022 the DfE reported that the proportion of all pupils subject to an EHCP had reached 4%, up from 3.7% the previous year. Although the figure for Westminster schools (including pupils' resident outside of the area) had increased to 3.6%, it remained below national and London (4.1%) averages. The total number of Westminster Education Health and Care Plans (EHCPs) reached 1338, a rise of 6% (below forecast and national rises):



3.5 NHS commissioners have highlighted an unprecedented increase in some mental health needs and in line with the continuing national trend for growth we are forecast an increase in EHCPs maintained by Westminster, albeit below national. It is likely that Westminster will see 6% growth; 450 additional EHCPs by 2026.

4 PROPOSALS

4.1 Independent special school fees

It is recommended that this budget is adjusted for the 2023/24 financial year in order to reflect the current spend and an allowance for anticipated fee increases. It needs to be borne in mind that this expenditure can fluctuate mid-year particularly when families move in and out of the borough. Section 9 of the Education Act 1996 facilitates parental representations for schools in the non-maintained and independent sector. Provision can be more expensive and there can be 'hidden' costs, such as therapies.

In Westminster slower growth reflects work to increase local maintained sector provision and reduce reliance on independent special schools. Despite this, the number of Westminster residents with EHCPs attending independent special schools has increased as local maintained special schools are at capacity. The actual numbers increase from 48 in 2020 to 61 in 2022 (non-maintained special schools has only increased by 1 pupil since 2019).

The capacity of Westminster's special schools has implications for place planning and the high needs block as the independent sector fills the gap. In order to address pressure for independent school placement and avoid the need for local children to be educated out of area, 148 additional special school places are needed by 2027.

4.2 Commissioned places

The number of places required in specialist settings is reviewed on an annual basis, during the Autumn term. The updated place numbers are set out below. These places are funded on the basis of the nationally agreed £10k per place (which includes £4,000 via AWPU funding in mainstream schools). Top up funding is reported separately. Funding for places in Academies and Free

Schools is deducted from the High Needs Block and the increases in Academy places from September 2022 are shown below and are estimated to result in a further reduction to the high needs block of £134,000 in 2023/24.

The SEN Commissioning Plan sets out current needs and predicted longer term need for specialist provision. It is refreshed twice a year. Findings are regularly considered by the HNBRG, and heads of host schools and special schools. During 2021/22 review, the HNBRG noted that we have established new nursery provision for autistic children as well as developing and expanding existing provision and a satellite of College Park Special. For pupils with speech and language needs, we have extended support for younger children and increased the number of places at St Marylebone Bridge Special Free School.

Post 16 SEN funding for **element 2* (which like nursery pupils is not funded within budgets) has also been reviewed for post 16 SEN provision and has been commissioned.

Specialist Resource Bases and Special Schools				
Setting	Primary Need	Age Range	Commissioned places Sept 2022	Commissioned places Sept 2023
Churchill Gardens	SLCN	5 – 11	24	24
Edward Wilson	VI	4 – 11	8	8
St. Augustine's	HI	11 – 16	10	10
Millbank	Autism	5 – 11	16	16
Pimlico Academy	SLCN	11 – 16	13	13
College Park	Autism/LD	5 – 19	113	132
QE11	SLD/PMLD	5 -19	75	85
All Soul's	Autism	5 – 11	10	10
St. Marylebone Bridge	SLCN	11 – 16	65	70
Beachcroft AP Academy	SEMH places	5 – 16	10	10
<i>St Marylebone CE School</i>		16+	7	7
United College Group		16+	287	296
Portman	Autism	Early Years	14	20
Hallfield	Autism	Early Years	8	20
Marylebone Boys School	Autism	11-16	6	12
Dorothy Gardner	Autism	Early Years	12	16

4.3 Top up funding

A new approach to top up funding known as the Education Banding Tool (EBT) was implemented in January 2020. It was anticipated that the tool would identify over provision within the system and drive reductions in expenditure over time. Although initial feedback during 2021 was positive, the forecasted outturn prompted an urgent review of affordability which found 60% of allocated bands were providing, on average, £6k more than the cost of interventions specified within a pupil's EHCP and the system required recalibration. The review also found bands 8-10 were providing more funding than the cost of full time 1:1

(recognising such an approach would be contrary to effective practice in developing independence). The review flagged inconsistencies in use of the tool resulting from multiple system users.

Since April 2022, top up funding has been allocated using the recalibrated EBT ensuring an affordable level of funding. Moderation by headteachers in July 2022 validated that the recalibrated tool is now working effectively. Further moderation is scheduled for January 2023. Funding for bands 8-10 has been capped at £20,259 and hardship funding for schools in deficit (or where this would result from the rapid implementation) was available for the summer term. Temporary arrangements for a dedicated system user is ensuring the tool's rigorous and consistent application.

No changes were made to targeted funding; the safety net mechanism that provides additional funding (£6k for each EHCP) once schools 'first £6k' contribution to existing EHCPs reaches 50% of their notional funding.

In response to demand for specialist provision in mainstream and with existing provision at capacity, we increased the number of commissioned places in SRPs.

Top up rates for places in SRPs remain at the same level as three years ago although service level agreements have been reviewed. Host schools have identified that cost of living pressures mean the top up and place funding is no longer fully funding provision and schools budget cannot be expected to subsidise the specialist provision. Schools have been asked to provide details of their staffing structures and actual expenditure for review at the HNBRG.

The LA, in deciding on top-up funding rates for pupils in special schools (including special academies and special free schools) located in its area, must increase the budget of any special school such that it would be at least 3% higher in financial year 2023/24 than in financial year 2021/22.

4.4 Speech and language therapy

Speech and language therapy costs are forecast to overspend by £228,000 as a result of an increase in the CLCH contract which started in October (£91,000) and SALT recharges relating to placements in Hammersmith and Fulham special schools (£137,000). It should be noted that this work relates to schools and not early years settings as the early years' service is commissioned, and funded, by the North West London Integrated Care Commissioners (formerly known as the CCG).

4.5 Other therapy and support

This covers ad-hoc support or therapy outside of the usual commissioning arrangements for SEN and payments to primary schools for children who meet the Fair Access threshold; in the main, new arrivals to the area from abroad. Cost of living increases are likely to impact on this budget as it is used to 'spot' purchase therapy provision outside of the main CLCH contracts. The budget for 2023/24 has been adjusted to remove the 1.25% increase in NI contributions

for health and social care that did not materialise and to reflect expected increases in costs.

4.6 Occupational therapy (OT)

Cost of living increases and 2023 pay awards are likely to impact on this budget. A targeted offer for children in resource bases to have access to support for sensory integration/processing avoiding placement in the independent sector which is more costly and further away from home.

4.7 Equipment

It is recommended that the current budget remains unchanged at £50k p.a. The threshold for schools to fund prior to making an application should also remain unchanged at £2k, with a maximum contribution of £15k p.a. from a special school. The threshold for any individual school's contribution prior to seeking high needs funding should remain at £2k per pupil per annum (it does not apply to early years settings as they do not receive the same base funding for children with SEN) with the introduction of an overall maximum annum contribution of £15k total per annum from a school (£2k for a nursery).

4.8 Outreach and support services including sensory impairment

These services are commissioned from Queen Elizabeth II Jubilee School and early Autism Outreach. The budget for 2022/23 was increased by 1.25% to reflect the increase in NI contributions for health and social care. The budget for 2023/24 has been adjusted to remove that increase as it did not materialise, and to reflect expected increases in costs.

4.9 Alternative provision and behavioural support services

Beachcroft AP Academy transferred from TBAP to Ormiston Academy Trust (OAT) in September 2021. The level of place funding via the ESFA is reviewed on an annual basis in line with occupancy at Beachcroft AP Academy. The level of place funding for Beachcroft will remain unchanged at £469,275 p.a. on an academic year basis. It is expected that the level of investment on Behaviour Outreach will remain at £244,000 p/a into 2023/24. £185,000 is also included for placements via the Pears Family.

4.10 Hospital education

The HNB funding covers the cost of the education for the children who are unable to attend school due to medical reasons, where this has been confirmed by a medical practitioner, and this provision is currently arranged through the Chelsea Community Hospital School (CCHS). Due to Covid CCHS has had to relocate. Options for September 2023 are being explored as the lease on their current location, which has been extended, ends in July 2023. It is proposed that for 2023/24 the budget is increased to reflect DfE guidance.

4.11 Looked After Children Belongings Regulations

This budget area, which meets the cost of top ups for looked after children with EHCPs attending schools outside of WCC is forecast to underspend in 2022/23

based on estimates and a reduction is proposed to the 2023/24 budget to reflect this.

4.12 Portage

Portage is a home-visiting educational service for pre-school children with SEN and their families. The budget for 2022/23 was increased by 1.25% to reflect the increase in NI contributions for health and social care. The budget for 2023/24 has been adjusted to remove that increase as it did not materialise, and to reflect expected increases in costs.

4.13 Contingency funding for schools

No change is proposed to the small fund of £30k p.a. remains in place for mid-year admissions of children with complex needs but without an EHCP in place. These are likely to be children arriving unexpectedly from abroad. If they receive Fair Access funding, they will not be eligible to receive contingency funding. This £30k budget is part of the top up funding budget line.

4.14 Contribution to the LA SEN Services

As in most areas, the HNB contributes to the running of the SEN Service. The cost of the service is largely made up of staff costs. An increase to reflect pay and price changes is recommended.

4.15 Targeted funding

Targeted funding is the safety net mechanism that provides additional funding (£6k for each EHCP) once schools 'first £6k' contribution to existing EHCPs reaches 50% of their notional funding. This is automatic protection to schools with relatively low notional SEN budgets that admit relatively high numbers of pupils with EHCPs is refreshed twice a year. It is recommended that the current protection and budget remain unchanged.

4.16 Delivering Better Value in Westminster

DBV is an intensive improvement programme commissioned by the DfE to identify the highest impact changes to better support children with SEND. Whilst Westminster is not eligible, Bi-borough officers from SEN and Finance have participated in diagnostics, working with consultants for the DfE (Newton Europe and CIPFA) reviewing deficit recovery and financial due diligence. Focussing on areas of expenditure that have seen the fastest growth (top up in mainstream, special schools and fees for independent schools) key areas of future cost avoidance have been identified. It is proposed to use the knowledge and expertise from DBV to put in place two mirror workstreams in Westminster Schools, funded from the high needs block. This will have the benefit of economies of scale dovetailing with DBV work in RBKC (where the investment will be £1m). It is recommended that resources be targeted to support inclusion of autistic pupils with EHCPs, and to create speech and language expertise in mainstream schools to avoid the need for an EHCP. This workstream activity will provide specialist staffing to deliver packages of support and training for those who work with these groups of pupils.

4.17 Teachers' pay and pension contribution grant funding

As in 2022/23 the teachers' pay grant (TPG) and teachers' pension employer contribution grant (TPECG) for AP (including hospital education) have been included within the high needs block of the DSG. In 2023/24 The LA must pass on:

- the 12 month equivalent of teachers' pay grant and teachers' pension employer contribution grant allocated per place by the LA for the period September 2020 to March 2021, using the place numbers funded by the LA in the period April 2022 to March 2023, subject to a minimum of 40 places per school.
- the 12 month equivalent of the teachers pensions supplementary fund allocated by the LA to those settings for the period September 2020 to March 2021

This additional high needs funding is separate from both place and top-up funding.

This would mean the funding is allocated as shown below. These are included within the relevant lines of the proposed 2023/24 budget.

High Needs Teachers Pay and Pension Grants

Establishment Name	Allocation
College Park School	£88,716
Queen Elizabeth II Jubilee School	£90,498
The St Marylebone Church of England Bridge School	£49,396
Beachcroft AP Academy	£62,546
Total	£291,156

4.18 ADDITIONAL DSG FUNDING

The high needs block includes additional DSG funding of £1.669m in 2023/24. This allocation is subject to additional DSG conditions of grant and will be allocated separately to special free schools and maintained special schools on the basis of 3.4% per place and average top up funding for 2022/23. AP academies increase will be based on the 2020/21 academic year. It is possible that a disapplication request may be required in relation to OAT AP provision as a new provider since 2020/21. Consultation will take place with OAT and any disapplication request will be submitted by 10 February.

4.19 EARMARKED FOR HIGH NEEDS PUPIL DEVELOPMENTS INCLUDING DELIVERING BETTER VALUE / REVIEW OF SRP / CAPPING BANDING VALUES / BANDING ALLOCATIONS

£1.470m has been set aside for the above reviews.

5 PROPOSED BUDGET FOR 2023/2024

5.1 Based on the above proposals the proposed budgets for 2023/24 and predicted spend for 2022/2023 are as set out below. These include additional allowances

for growth in EHCP numbers, increases in independent school fees and out of borough top up as well as commissioned places in specialist resource bases and special schools.

Budget Area	2022/23 Budget	2022/23 Forecast	Proposed budget 2023/24	Changes since 2022/23
	£'000	£'000	£'000	£'000
Top-Up Maintained Pre-16	7,567	6,784	7,228	(339)
Top-Up Academies, Free, College Pre-16	3,611	3,142	3,215	(396)
Top-Up Out of Borough	6,375	5,860	6,168	(207)
Top-Up Independents Pre-16	3,365	3,402	3,501	136
Top-Up Post 16 Academies, Colleges	3,429	2,880	2,947	(482)
Top-Up Post 16 Independents	2,008	2,331	2,399	391
Top-Up Post 16 Maintained	329	199	203	(126)
Targeted Support	250	250	250	0
Special Schools and Units Places	2,728	2,685	3,008	280
Alternative Provision Commissioning	922	1,019	966	44
Estimated deduction to high needs block for increases in Academy places from September 2023	0	0	134	134
Hospital Education	344	344	379	35
Looked After Children Belongings Regulations	830	513	700	(130)
SEN Outreach	784	845	845	61
SEN Commissioning ABA	0	0	0	0
Contribution to LA SEN Services	530	530	567	37
Occupational Therapy	513	643	687	174
Portage	197	197	211	14
Other Support & Therapies	162	196	173	11
Speech & Language Therapy (SALT)	1,203	1,431	1,420	217
Equipment	50	50	50	0
Estimated increase in import adjustment for college places from September 2022, will be received in 2023/24 adjustment.	(255)	0	0	255
Decrease in 2022/23 DSG Jan allocation	(696)	0	0	696
Increase in DSG Nov 2022 allocation (import/export adjustment)	858	0	0	(858)
2021/22 costs below estimate in accounts	0	(600)	0	0
Earmarked for High Needs pupil development including Delivering Better Value/ Review of SRP / capping banding values / banding allocations	0	0	1,470	1,470

Budget Area	2022/23 Budget	2022/23 Forecast	Proposed budget 2023/24	Changes since 2022/23
Additional DSG allocation to be allocated as per grant requirements	0	0	1,669	1,669
Total High Needs Block	35,105	32,701	38,191	3,086

5.2 The provisional HNB budget shows an increase of £3.086m in 2023/24, including £1.669m for allocation to special schools and AP provision in accordance with DSG grant requirements. This results in an estimated total budget of £38.191m.

6 HIGH NEEDS PRESSURES AND ACTION TO ADDRESS

6.1 It is recognised that any net increase in the number of **EHCPs** will increase pressure on the high needs block. **Although** statutory assessments in 2021 were 20% higher than the previous year, Jan to November 2022 were in line with 2020. A small number of declined referrals were from parents of children educated in the independent sector. We offered a 'next steps' meeting to explain the support ordinarily available in maintained schools aimed at reducing the demand for EHCPs.

6.2 The impact of EBT recalibration has been to reduce the overall cost of **top up funding for mainstream** schools so it aligned with anticipated levels prior to implementation. At the November 2022 meeting, Forum agreed extending capping of bands 8-10 to August 2023. Through the work of the HNBRG, modelling to address overpayments in 2021/22 is being considered including proposals for indefinite capping of bands 8-10 as an alternative to clawback. Recommendations will be presented to the Forum in March 2023.

6.3 As reported in para 4.3 above, top up rates for places in **SRPs** remain at the same level as three years ago. Supporting pupils in a local school offers better value for money than more expensive non maintained or independent sector provision.

6.4 Whilst primary rolls in Westminster are falling, analysis of WCC **EHCP** rates in January 2022 highlighted a larger than national proportion in the early years and above statutory school age:

WCC (residents only)	Actual number of EHCPs (January DfE return SEN2)					Percentage for 2022		
	2018	2019	2020	2021	2022	WCC	London	England
Under Aged 5	37	45	58	64	64	4.80%	3.90%	3.80%
Aged 5 to 10	375	417	422	427	438	32.70%	35.10%	32.70%
Aged 11 to 15	354	357	389	420	434	32.40%	33.50%	35.40%
Aged 16 to 19	251	228	250	269	288	21.50%	19.40%	20.80%
Aged 20 to 25	18	37	52	81	114	8.50%	8.00%	7.20%

Total	1035	1084	1171	1261	1338	100%	100%	100%
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The forecast for 2023 therefore assumes continued growth, adjusted to below national, at 6%. This could result in 452 additional EHCPs by 2027:

	Actual	forecast	forecast	forecast	forecast	forecast
	2022	2023	2024	2025	2026	2027
Under Aged 5	64	68	72	76	81	86
Aged 5 to 10	438	464	492	522	553	585
Aged 11 to 15	434	460	488	517	548	580
Aged 16 to 19	288	305	324	343	364	386
Aged 20 to 25	114	121	128	136	144	153
	1,338	1,418	1,504	1,594	1,690	1,790

- 6.5** To meet this level of growth and recognise parent preference for resource bases as well as addressing unaffordable provision within the independent sector we are proposing up to 60 new places in SRPs (13% of the growth) and 148 in special schools (33% of the growth) by 2027.
- 6.6** Nationally, 30% of EHCPs are for autism. In Westminster the figure is closer to 40%. It is likely that at least 70 of the additional **special school places will be needed at** College Park for secondary aged pupils although this longer term expansion requires relocation from Bayswater and will call for capital investment.
- 6.7** 4% of pupils with an EHCP are placed in **AP and Hospital** provision. Although we are forecasting similar demand, young peoples' experiences of Covid lockdown mean we are anticipating a shift in the nature of emotional and social needs. The commissioning intentions for September 2023 are to refine the nature of maintained sector provision and reduce use of private sector providers offering tuition and it is anticipated that revisions to the SLA with OAT lead to an increase in the commissioned number from September 2024.
- 6.8** Following a review of placements for 18 – 25 year olds, care element are not charged to the DSG and a significant contribution from adult social care budgets impacted positively on the final outturn position in 2021/22.
- 6.9** DfE has signalled its intention to review demand for specialist provision against existing capacity. Its first data collection will be part of this year's School Capacity Survey (SCAP23). This is likely to influence future funding

7 The forward plan for the HNBRG is as follows:

Meeting	Forward plan
February	EBT claw back proposals for discussion Top up for SRPs and the FWSS

	AP commissioning Proposals for the allocation of the earmarked funding for High Needs pupil development including Delivering Better Value/ Review of SRP / capping banding values / banding allocations with recommendations to go to March 2023 Schools Forum for decision
May	Links with FE Colleges Post 16 working group progress Independent school fees

8 RECOMMENDATIONS

Schools Forum is asked to approve:

- the HNB budget for 2023/2024 as set out in 5 above;

Schools Forum is asked to note:

- the high needs block forecast (paragraph 3.1);
- the 2023/24 funding for teachers pay and pensions for special schools, AP and hospital providers will total £291,156 (paragraph 4.17);
- the top ups for the SRPS will be reviewed (paragraphs 4.3); and
- the forward plan for the HNBRG (paragraph 7) which will include the proposals for the allocation of the earmarked funding for High Needs pupil development including Delivering Better Value/ Review of SRP / capping banding values / banding allocations. The resulting recommendations will come to March 2023 Schools Forum for decision

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Background papers:

EFSA – DSG Allocations 2022-23 and 2023-24 (Provisional)
Budget Monitoring Reports 2022-23

Commissioning plan

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