


LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE High Needs Block (HNB): position update for 2023/24	
REPORT OF Head of Education Commissioning and School Organisation	
FOR SUBMISSION TO Schools Forum	DATE 5 December 2023
<p>SUMMARY OF REPORT</p> <p>This report provides an update on the position of the 2023/24 HNB and some initial comments about the 2024/25 allocation.</p> <p>Local Government Act 1972 – Access to Information</p> <p>The following documents have been used in the preparation of this report:</p> <ul style="list-style-type: none"> • Local authority guidance on high needs sustainability June 2022 • National funding formula tables for schools and high needs: 2024 to 2025 published 17 July 2023 • Dedicated schools grant (DSG): 2023 to 2024 schools and high needs additional allocations - published 16 December 2022 • High needs funding: 2023 to 2024 operational guide - updated 17 January 2023 <p>Contact Officer: Jessica Juon, Interim Head of Special Education and Inclusive Intervention Service. jessica.juon@camden.gov.uk Paul Tanton, Special Educational Needs Finance and Commissioning Manager 020 7974 8007 / paul.tanton@camden.gov.uk</p>	
<p>RECOMMENDATIONS</p> <p>The Schools' Forum is asked to note the updated HNB position.</p>	

Signed: 

Nicholas Smith, Head of Education Commissioning and School Organisation
Date: 27 November 2023

1. HNB Funding Position

- 1.1. As has been stated in reports to previous meetings of the Schools Forum, the national position has been one of pressure on funding from the High Needs Block (HNB) that has seen some Local Authorities in significant deficit positions. From 2020/21 the Government put substantial additional funding into HNB which has seen Camden return to an in year surplus and rebuild reserves. This placed Camden in the fortunate position of being one of a small number of Local Authorities that are no longer in deficit position.
- 1.2 The official position however, was that future increases will be more modest as the additional funding and the programmes for those in deficit will resolve the deficits across the country. The initial 2023/24 Dedicated Schools Grant (DSG) settlement in July 2022 reduced the minimum increase in HNB baseline from 8% to 5%. This however was then followed by a supplementary allocation announced December 2022 recognising additional costs "*which were not foreseen when the original... allocations were calculated*". This followed a similar supplementary allocation for 22/23 in December 2021. The July 2023 announcement of the 2024/25 HNB allocations saw the minimum increase reduced to 3% increase. The Chancellor's recent Autumn Statement seems to make it clear that there will not be a supplementary DSG allocation for 2024/25. The indicative 2024/25 allocation is detailed in section 3 of this report below.
- 1.3 National guidance for local authorities published June 2022 stated "*In 2019, NAO concluded "The main reason why local authorities have overspent their high needs budgets is that more pupils are attending special schools."*

2. 2023/24 HNB Funding update

- 2.1 An updated spend projection for 2023/24 is shown in table 1 below against comparative figures for the preceding 3 years. The updated in-year surplus/contribution to reserves for 2023/24 is now projected to be £2.4m. This is a reduction from the estimated £3m reported to June 2023 Schools Forum and against the actual figure of over £4m in 2022/23. Despite this reduction, the cumulative sum in Camden's DSG reserves that arises from the HNB would be £11.2m at year end (on the basis of this projection).
- 2.2 As explained in 1.2 above, Camden received a supplementary allocation for 2023/24 reflecting high inflation. The supplementary allocation came with a requirement to allocate additional funding to all maintained special schools, PRUs and hospital schools (including academies and free schools). Camden more than followed this and matched the increase across top-up rates for mainstream schools including additionally resourced provisions (ARPs). As would be expected this has also been reflected in fee negotiations with other provision funded from the HNB including other borough, independent schools and colleges, who cite cost of living pressures behind increases.

Table 1: High Needs Block Outturn from 2020/21 with updated 2023/24 projection:				
	2020/21	2021/22	2022/23	2023/24 projection
Camden Early Years (incl PVIs)	229,139	248,756	531,315	550,000
Camden mainstream	7,652,592	7,961,996	9,898,599	11,707,000
Camden additionally resourced provision	1,540,495	1,631,166	1,912,684	2,370,000
Camden special	9,270,303	9,883,194	10,434,532	11,313,993
Camden PRU	2,961,165	3,150,774	3,459,343	3,550,877
Camden hospital schools	2,850,852	3,339,621	3,731,216	4,027,525
total (direct) Camden schools	24,504,546	26,215,507	29,967,688	33,519,395
other LA maintained (mainstream & special)	2,542,350	2,768,445	3,230,649	3,320,000
independent & non-maintained special schools	2,889,003	3,491,264	3,807,974	4,200,000
independent mainstream schools	214,838	315,523	265,665	340,000
total non Camden schools	5,646,190	6,575,232	7,304,288	7,860,000
Further Education	2,837,520	3,167,165	3,307,705	3,466,000
other support (therapy/individual tuition/equipment)	655,351	789,788	994,627	1,344,000
Transformation support to Camden schools		176,255	239,457	391,000
outreach services	275,963	275,963	275,963	536,000
central services	1,625,545	1,697,237	1,576,975	2,745,858
Total HNB spend	35,545,115	38,897,147	43,666,704	49,862,253
High Needs Block funding received	-37,543,927	-41,721,841	-47,683,948	-52,271,590
DSG Reserve (- addition/+ withdrawal)	-1,998,812	-2,824,694	-4,017,244	-2,409,337
Contribution to PRU projects from HNB reserves	151,754	72,506		
cumulative HNB reserves balance	2,024,735	4,776,923	8,794,167	11,203,504

2.3 As well as this inflationary pressure, there has been an increase in numbers of children and young people receiving high needs funding this year resulting in increased spend to Camden schools but also growth in numbers in independent/non-maintained special schools. There is considerable work going on in verifying numbers for the new academic year (particularly fluid in the post-16 sector) and comparative figures are to be discussed with the Sub Group ahead of the annual SEN2 census return to the DfE due early in 2024.

2.4 Other factors that contributed to the reduced in-year contribution to reserves include, increased investment

- in both Speech & Language and Occupational Therapy support across Camden mainstream schools
- in Alternative Provision packages and staffing and SENDIASS (managed by Camden Learning).

There was also a reduction of £288k in the anticipated HNB income for 2023/24 against the figure reported to the June23 Schools Forum rising from a reduction in the import/export adjustment to the HNB when this was finalised in summer 2023.

3. 2024/25 settlement and the use of reserves

- 3.1 The 2024/25 DSG announcement in July 2023 sees a reduced increase in the HNB with Camden predicted to receive an extra £1.9m compared to the £4-5m increases of the previous 3 years. The Chancellor's recent Autumn Statement seemed to make it clear that there will not be a supplementary DSG allocation in December as there has been the last 2 years. As mentioned in para 1.2 above, the increased allocation reflects a reduced minimum increase. The additional allocation represents an uplift of some 3.8% against the current year's HNB. Whilst national inflation rates have come down they still remain above this rate and hence there is likely to be continued pressure on the HNB next year.
- 3.2 A key point is that whilst reserves remain high, the in-year surplus is more limited and likely to reduce further next year. It is clear that cumulative reserves are better used for one-off capacity building projects – whereas (for instance) increasing top-up rates have a longer term impact in increasing baseline spend.
- 3.3 These issues are to be discussed more fully both through the Schools Forum HNB sub group but also in the report to the February 2024 Schools Forum which will include proposals on top-up rates from April 2024.
- 3.4 The Schools Forum HNB sub group has its first meeting before end of November and, as per the report to the November Schools Forum, will focus on:
- the recommendations in Peter Gray's report, optimising the work of the clusters to strengthen multi-disciplinary teams to support meet needs of children and young people, and;
 - the outcomes of the Joint Strategic Needs Assessment (JSNA), with specific focus on identified gaps in provision and sufficiency, including Autism.

4. Finance Comments of the Executive Director Corporate Services

- 4.1 The Executive Director of Corporate Services has been consulted on the contents of this report and has no further comment to make.

5. Legal Comments of the Borough Solicitor

- 5.1 The Borough Solicitor has been consulted and has no comments to add to this report.

6. Environmental Implications

There are none.

REPORT ENDS