

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS:</b> All
<b>REPORT TITLE</b> High Needs Block (HNB): position update for 2023/24 and projections for 2024/25	
<b>REPORT OF</b> Vikram Hansrani, Director of Education Commissioning and Inclusion	
<b>FOR SUBMISSION TO</b> Schools Forum	<b>DATE</b> 6 February 2024
<b>SUMMARY OF REPORT</b>  This report provides an update on the position of the 2023/24 HNB and on the basis of this, funding proposals for 2024/25.  <b>Local Government Act 1972 – Access to Information</b>  The following documents have been used in the preparation of this report: <ul style="list-style-type: none"> <li>• <a href="#">Local authority guidance on high needs sustainability</a> June 2022</li> <li>• <a href="#">National funding formula tables for schools and high needs: 2024 to 2025</a> published 17 July 2023</li> <li>• <a href="#">Dedicated schools grant (DSG): 2023 to 2024</a> schools and high needs additional allocations - published 16 December 2022</li> <li>• <a href="#">High needs funding: 2024 to 2025 operational guide</a> - updated 17 January 2024</li> </ul> <b>Contact Officer:</b> Di Osbourne, Head of SEND & Inclusion London Borough of Camden, 5 Pancras Square, N1C 4AG 020 7974 8056 / <a href="mailto:di.osbourne@camden.gov.uk">di.osbourne@camden.gov.uk</a>  Paul Tanton, SEN Finance and Commissioning Manager London Borough of Camden, 5 Pancras Square, N1C 4AG 020 7974 8007 / <a href="mailto:paul.tanton@camden.gov.uk">paul.tanton@camden.gov.uk</a>	
<b>RECOMMENDATIONS</b>  The Schools' Forum is asked to note the updated HNB position and the funding proposals for 2024/25.	

Signed:

Vikram Hansrani - Director of Education Commissioning and Inclusion

Date: 30<sup>th</sup> January 2024

## **1. HNB Funding Position**

- 1.1. As previous reports, 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. Camden had in-year HNB deficits 2016/17 to 2019/20 but these were met from DSG reserves. From 2020/21 the Government put additional funding into the HNB which has seen Camden return to an in year surplus and accumulate reserves again. This placed Camden in the position of being one of a small number of Local Authorities that are not in a deficit position. This in part reflects the innovative ways Camden distribute high needs funding:
  - devolving funding to all mainstream schools for greater stability/ increasing the notional funding level to £11,000, and;
  - through the exceptional needs grant that provides high needs funding without the need for an EHC needs assessment.
- 1.2 This report provides an updated projection for 2023/24 and highlights growing spend, and the variety of reasons for this. Whilst an in-year surplus is still predicted, this is lower than previously reported.
- 1.3 The context for 2024/25 is a much lower increase in the HNB than recent years. Since the introduction of the HNB national funding formula (NFF) Camden has received the national minimum in the basic funding (though some other factors are pupil number driven). The basic increase in the HNB is 3% whereas for 2023/24 this was 5% and previously 8%. The latest update from the DfE shows Camden's HNB allocation for 2024/25 as £54.1m. This represents an uplift of 3.5% 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.
- 1.4 A key point is that whilst there are reserves, the in-year surplus has reduced and likely to reduce further next year and possibly swing into an in-year deficit in which case reserves will start to be eroded.

## **2. 2023/24 HNB Funding update**

- 2.1 An updated spend projection for 23/24 is shown in table 1 below against comparative figures for the preceding 3 years. The in-year surplus/ contribution to reserves for 23/24 is now projected to be £1.5m. This has reduced from the estimated £2.4m reported to December 2023 Schools Forum (which in itself was down from £3m reported to June 2023 Schools Forum) and against the actual figure of over £4m in 2022/23. This reduction means the cumulative sum in Camden's DSG reserves that arises from the HNB would be £10.3m at year end (on the basis of this projection) – down from the £11.2m reported to December 2023 Schools Forum.
- 2.2 Table 1 below further shows that total projected HNB spend has grown from £43.7m in 22/23 to a projected £50.8m for 23/24. This report is going to focus

on the change in the 23/24 projection from the December report. As a reminder the prime reasons for this detailed in that report were:

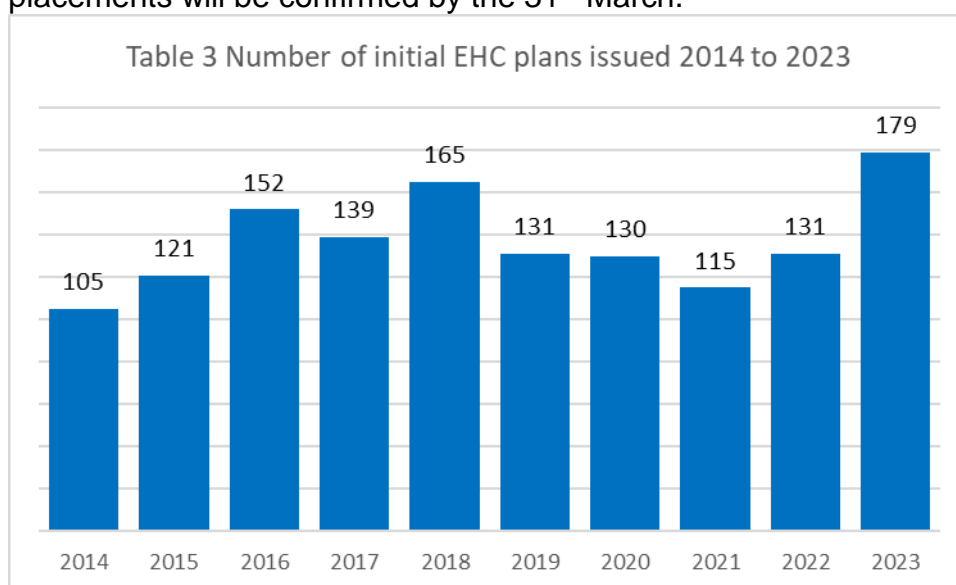
- The supplementary HNB allocation for 23/24 required LAs to allocate additional funding to all maintained special schools, PRUs and hospital schools (including academies and free schools). Camden chose to use this supplementary allocation by increasing top-up rates for mainstream schools including additionally resourced provisions (ARPs).
- Similar inflationary pressure in fee negotiations with other provision funded from the HNB including other borough, independent schools and colleges.
- an increase in numbers of children and young people receiving high needs funding (see paras 2.3&4 below).
- increased investment
  - in both Speech & Language and Occupational Therapy support across Camden mainstream schools
  - in Alternative Provision packages and staffing (managed by Camden Learning)
- Additional funding to the PLSS/outreach services (overseen by Robson House). This is included at an additional £214k for 23/24.
- a reduction of £288k in 23/24 HNB income arising from a reduction in the import/export adjustment.
- An increase in Education Other Than At School (EOTAS) packages

	2020/21	2021/22	2022/23	2023/24 projection
Camden Early Years (incl PVI's)	229,139	248,756	531,315	550,000
Camden mainstream	7,652,592	7,961,996	9,898,599	12,910,238
Camden additionally resourced provision	1,540,495	1,631,166	1,912,684	2,410,000
Camden special	9,270,303	9,883,194	10,434,532	11,213,993
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
<b>total (direct) Camden schools</b>	<b>24,504,546</b>	<b>26,215,507</b>	<b>29,967,688</b>	<b>34,662,633</b>
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	4,940,000
independent mainstream schools	214,838	315,523	265,665	350,000
<b>total non Camden schools</b>	<b>5,646,190</b>	<b>6,575,232</b>	<b>7,304,288</b>	<b>8,610,000</b>
Further Education	2,837,520	3,167,165	3,307,705	3,366,000
other support (therapy/individual tuition/equipment)	655,351	789,788	994,627	1,340,000
Transformation support to Camden schools		176,255	239,457	339,634
outreach services	275,963	275,963	275,963	536,000
central services	1,625,545	1,697,237	1,576,975	1,907,889
<b>Total HNB spend</b>	<b>35,545,115</b>	<b>38,897,147</b>	<b>43,666,704</b>	<b>50,762,156</b>
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	-1,509,434
Contribution to PRU projects from HNB reserves	151,754	72,506		
cumulative HNB reserves balance	2,024,735	4,776,923	8,794,167	10,303,601

2.3 The prime reason for the increased spend is increased numbers of children/young people receiving high needs funding. As previous reports, the number of EHC Plans maintained by Camden has been relatively stable but has grown in 2023:

	Jan-23	Jan-24	growth
EHCp	1,446	1,536	6.20%
ENG	123	200	62.60%
	1,569	1,736	10.60%

2.4 The growth in EHC plans is in part explained by an increased number of initial EHC plans issued in the calendar year 2023 (179). As the following graph shows this is the highest in the last decade. This growth is occurring despite the expansion of ENG and falling rolls. It is more in line with the national trends which up to now Camden have bucked. However, the increase in EHCPs can also partly be attributed to a number of post 16s where placements will be confirmed by the 31<sup>st</sup> March.



### 3. 2024/25 position and future lines of enquiry

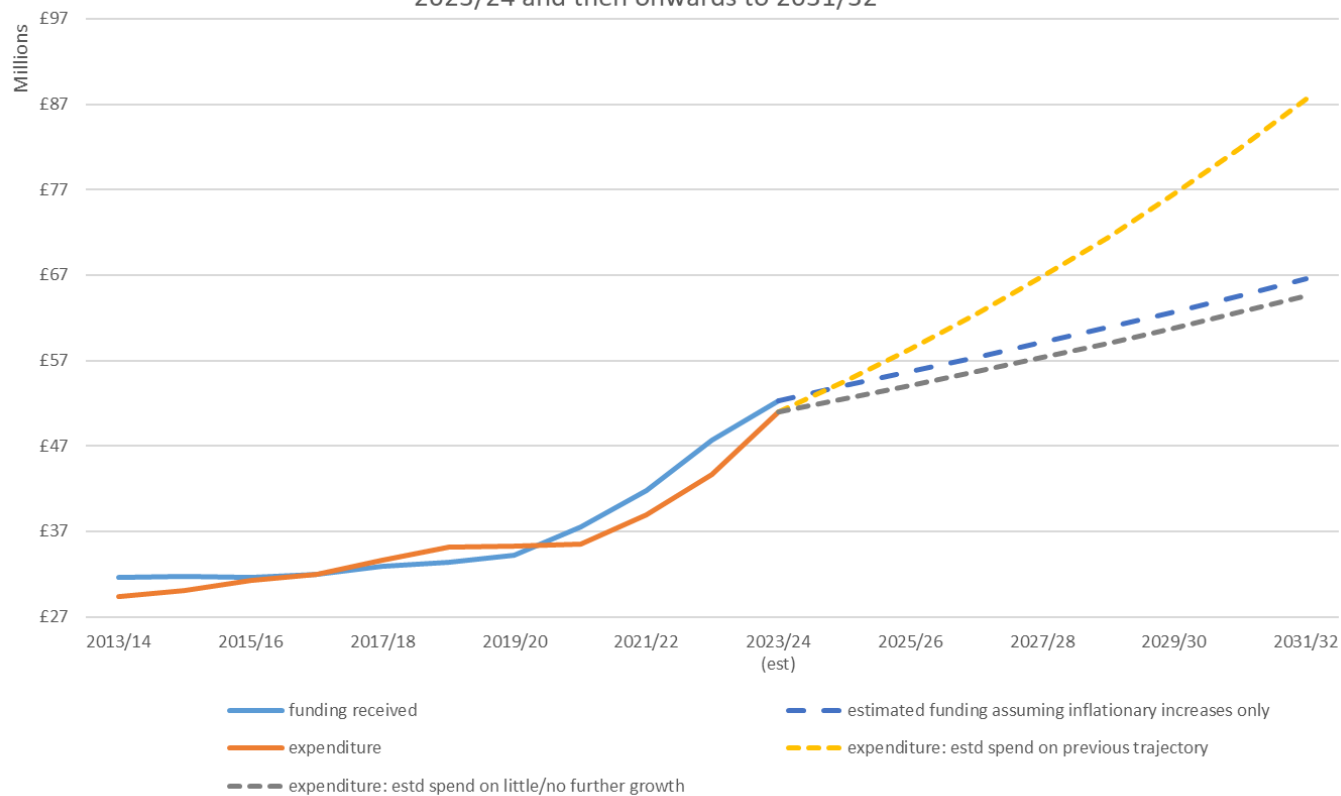
3.1 As detailed in section 1 above, the 2024/25 DSG allocation has a reduced rate of growth than recent years. A 3% increase in the baseline does not match current inflation and conceivably will not match future pay awards.

3.2 Graph 4 below is a model to illustrate strategic considerations of long-term sustainability and the balancing of risk. This models a longer term scenario, based on the following assumptions:

- The increase in Camden’s HNB allocation continues at 3% per year;
- This is matched by a 3% increase in spend arising from inflation/pay awards, and
- There is a 4% growth arising from an increase in the number of high needs pupils (reflecting the average annual increase since 2014)

3.3 This initial modelling shows that with the above assumptions, Camden’s HNB would move into an in-year deficit in 2024/25 and would see cumulative HNB reserves eroded by 2027/28.

Chart 4: High Needs Block funding and spend 2013/14 - 2022/23 plus estimates for 2023/24 and then onwards to 2031/32



3.4 Given this financial position and need for sustainability, **it is recommended that the decision to increase Camden top-up rates is deferred to June 2024 whilst further work is undertaken.**

3.5 A High Needs sub-group of the Schools Forum was initially devised to review how best to utilise in-year surplus of the HNB, however as the funding position has moved, the sub-group will be asked to both consider ways to further enhance Camden led initiatives such as ENG Clusters to strengthen support for mainstream settings as well as:

- To explore sufficiency of places across Camden schools supported by a Joint Strategic Needs Assessment (JSNA) including considering the need for new provision and use of vacant space. This would consider the role of specialist provision (special schools and resourced provision).

3.6 The High-Needs sub-group will also explore:

- The commissioning of post 16 placements
- Consideration of the growth in our use of independent and non-maintained special schools and EOTAS packages
- Similar consideration of the range of alternative provision funded from the HNB

#### 4. Finance Comments of the Executive Director Corporate Services

The Executive Director of Corporate Services has been consulted on the contents of this report and, so far as the report indicates that the service is addressing the current levels of HN DSG reserves and ensuring that the in year resource allocation is being fully utilised in a planned and financially sustainable manner, has no additional finance comments to make.

**5. Legal Comments of the Borough Solicitor**

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

**6. Environmental Implications**

None.

**REPORT ENDS**