

Report of the Director of Children and Families

Report to the Leeds Schools Forum

Date: 22nd February 2024

Subject: High Needs Budget 2024-25

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Summary of main issues

- 1 The budget for the High Needs Block of the Dedicated Schools Grant is approved in February each year at the Full Council meeting. This report provides details of the 2024/25 High Needs budget submitted for approval to the Full Council meeting held on 21st February 2024.
- 2 The High Needs budget for 2024/25 proposes £127.648m of funding and £127.648m of spend, resulting in a balanced budget for the year.

Recommendations

- 3 Schools Forum is asked to note the High Needs budget for 2024/25 and the proposals for continued monitoring and identification of options to improve this position moving forward.

1 Background information

- 1.1 The High Needs Block of the Dedicated Schools grant provides funding for Special Educational Needs and Disabilities (SEND). This includes places and top-up funding in special schools, resourced provision in mainstream schools and alternative provision; top-up funding for early years, primary, secondary, post-16 and out of authority provision; central SEND support and hospital & home education.

- 1.2 In line with the national picture, Leeds has experienced an increase in SEN demand and complexity in recent years, with this trend expected to continue.
- 1.3 Leeds has historically been underfunded in comparison to some other local authorities, and although the National Funding Formula is moving towards funding local authorities based on need, the funding increases are currently capped during the transitional period. Between 2018/19 and 2024/25 this has resulted in Leeds receiving £27.53m less for High Needs than would have been due under the full National Funding Formula, £2.92m of this relates to 2024/25.

2 Main issues

- 2.1 In line with the national picture, Leeds has experienced an increase in SEND demand and complexity in recent years, with this trend expected to continue. In recognition of this trend, the national High Needs allocation has increased by approximately £440m or 4.3% for 2024/25.
- 2.2 The High Needs grant allocation for 2024/25 (before deductions) was issued by the Education, Skills and Funding Agency (ESFA) in December 2023, though adjustments to this figure are expected up until July 2024, and the estimated impact of these changes have been included in this report. For Leeds the estimated allocation is an increase of £13.1m for 2024/25 compared to the 2023/24 budget.
- 2.3 Supplementary funding announced for 2023/24 has been rolled into the base funding for 2024/25. There is no further supplementary funding for 2024/25.
- 2.4 The high needs operational guide states that the minimum funding guarantee (MFG) must be at least 0% and that local authorities should consider setting the MFG within a range of 0% and 0.5%. The authority is proposing that in line with the MFG for mainstream schools, this is set at 0.5%. In order to meet this level of increase, it is proposed that the Funding for Inclusion unit rate for these settings be increased by £12 (from £732 to £744 per unit). Settings currently paid a set top up rate will have their rate increased to reflect a 0.5% MFG.
- 2.5 Although funding has increased for Leeds, there is currently a gains limit factor which means that the Leeds allocation for 2024/25 will be £2.92m less than the full National Funding Formula. Between 2018/19 and 2024/25 this has resulted in Leeds receiving £27.53m less for High Needs than would have been due under the full National Funding Formula.
- 2.6 The anticipated increase in special school places and pupils eligible for additional top-up funding means that there is expected to be on going funding pressures for the High Needs Block and there is a risk that costs exceed the budgeted assumptions as a result of the increasing demand.
- 2.7 There is currently a backlog of EHC Assessments which is impacting on projections data. Early indications indicate the need for an additional 300 specialist places across the city, putting extra pressures on the high needs block.

- 2.8 A key issue is that local authorities have a statutory duty to secure the special educational provision stated in Education, Health and Care (EHC) Plans. The number of EHC Plans in the city has traditionally been statistically lower than comparators, but the city has seen increases in the numbers and complexity of needs of pupils in line with the national picture.
- 2.9 Budgets which are passported to institutions have increased by £11.72m. This is in line with increased demand in the settings concerned. However within this area is a challenging target to achieve in year savings of £3.4m. This savings target is required in order to match expenditure to the funding available.
- 2.10 The budget for commissioned services has decreased by £-0.27m. This is made up of the cessation of the PD and medical service and an assumed clawback of balances from the hospital and home tuition service.
- 2.11 Services directly managed by Children and Families have decreased budgets of £-0.84m. The majority of this is due to the removal of the uncommitted Invest to Save budget. Within SEN support services, there are savings from the SEN Inclusion Team as a greater proportion of their costs has been more correctly identified as relating to early years provision and so is now funded from the early years centrally retained budget. This is partly offset by unavoidable inflationary increases and a new service to provide independent travel trainers to support high needs pupils travelling to school.
- 2.12 In November 2023, Schools Forum has agreed to transfer 0.5% (which equates to £3.54m) from the Schools Block to the High Needs Block, following consultation with schools.
- 2.13 A budget has been set within the funding available, though as detailed in paragraph 2.9, this does assume that savings totalling £3.4m will be identified during the year. However there is a risk that demand and costs will rise further. The position on the High Needs Block will therefore be closely monitored during the year.
- 2.14 The proposed budget for 2024/25 taking into account the known and estimated changes compared to the 2023/24 original budget is as follows:

	2023/24 £000	2024/25 £000	Variance £000
High Needs Block DSG Income			
High Needs Block baseline	122,294	135,400	13,106
Places funded directly by the ESFA	(13,763)	(14,792)	(1,029)
Supplementary Funding	5,166	0	(5,166)
	113,697	120,608	6,911
Other Funding			
Transferred from Schools Block	3,338	3,540	202
Use of DSG Reserves		3,500	3,500
	3,338	7,040	3,702
Total Funding Available	117,035	127,648	10,613
High Needs Block Expenditure			
Funding Passported To Institutions			
- SILC and Resource Provision Places	14,610	14,872	262
- Out of area and residential placements	14,821	14,021	(800)
- Alternative provision (including AIP's)	5,228	5,254	26
- SEN top ups to Institutions	67,631	79,887	12,256
- Mainstream additional places	3,962	8,597	4,635
- Increase in special school places	1,263	0	(1,263)
- Education provision for mental health beds	100	100	0
- In-year savings to be identified		(3,397)	(3,397)
Commissioned Services			
- Hospital & Home Tuition	2,604	2,432	(172)
- PD & Medical Service	97	0	(97)
Directly Managed By Children & Families			
- SEN Support Services	4,216	4,242	26
- Children missing out on education	482	522	40
- Management of high needs services	234	234	0
- SEN adaptations	229	229	0
- Invest to Save budget	1,000	97	(903)
Other Items			
- Prudential borrowing for SEMH provision	558	558	0
Total High Needs Expenditure	117,035	127,648	10,613

3 Recommendations

3.1 Schools Forum is asked to note the High Needs budget for 2024/25 and the proposals for continued monitoring and identification of options to improve this position moving forward.