

Report of the Director of Children and Families

Report to the Leeds Schools Forum

Date: 23rd June 2022

Subject: High Needs Supplementary Funding 2022-23

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Summary of main issues

- 1 High needs supplementary funding to provide for the costs of the Health and Social Care Levy and wider costs of £4.147m has been allocated to Leeds for 2022 to 2023. The additional funding also takes into account that colleges and other post-school providers offering extra hours of study to 16 to 19 year old students, may require extra high needs top-up funding to support such students with high needs.
- 2 It is for each local authority to decide how to allocate the additional funding to those schools, with the same flexibilities as deployed to the rest of the DSG allocation of high needs funding.
- 3 It is proposed that the supplementary funding is allocated to increase FFI rates, meet additional outside placement costs, invest in transformational work, and reserve some funding to mitigate risks on future DSG deficits as detailed below:

Allocation of the Supplementary Grant

	2022/23
	£000s
Increase in Top Up unit rates	1,500
Out of Area and Residential Placements	1,500
16-19 additional hours and flexibilities	200
DSG contingency / reserve	947
Total Allocations	4,147

Recommendations

- 4 Schools Forum is asked to note the proposals outlined in the report.

1 Background information

- 1.1 The autumn 2021 spending review confirmed £1.6 billion of funding for schools and high needs, for the 2022 to 2023 financial year, above the previous settlement for that year.
- 1.2 In the 2022 to 2023 financial year, maintained schools and academies will be allocated £1.2 billion of this additional funding, to provide support for the costs of the Health and Social Care Levy and wider costs. This funding will be allocated through the schools supplementary grant 2022 to 2023, the allocation for Leeds is £18m.
- 1.3 In addition to the schools supplementary grant, local authorities have been allocated £325 million additional high needs funding for 2022 to 2023, on top of the dedicated schools grant high needs block allocations, calculated under the national funding formula. The additional high needs allocation to Leeds is £4.147m.
- 1.4 Both the schools supplementary grant and the high needs supplementary grant are one off grant payments for 2022 to 2023, however from 2023 to 2024 onwards this additional funding will be assumed within the base DSG allocations under the national funding formula.
- 1.5 Due to the difference in funding, and costs, for Special Schools and Alternative Provision the ESFA has deemed it not appropriate to centrally set a supplementary per-pupil funding rate as has been applied for the supplementary grant for mainstream schools. Therefore it is for each local authority to decide how to allocate the additional funding to those schools, with the same flexibilities as are deployed to the rest of the DSG allocation of high needs funding.

2 Main issues

- 2.1 Following the initial announcement of the supplementary funding in December 2021, early indications were that it was expected this would be passed out to settings to reflect the additional cost as a result of the Health and Social Care levy. However, the ESFA subsequently clarified that the pressure of the levy would equate to less than 1% of the overall high needs budget. For Leeds, this would equate to under £1m which would leave £3.147m to contribute to additional cost pressures which were not anticipated when the funding allocations were published.
- 2.2 To determine the most effective allocation of the remaining supplementary funding, all cost pressures from across the full range of settings and services funded from the High Needs Block have been considered. Information obtained from other local authorities demonstrates that a range of solutions have been identified in the allocation of the supplementary grant with no consistent approach.

- 2.3 Settings currently receiving FFI top up of £650 per unit will receive an increase to £672 per unit, this will be backdated to April 2022. This £22 unit increase represents a 3.4% increase in the unit rate. For special school setting, the unit rate will be increased from £684 to £708 (which equates to an increase of 3.51%). These increases are expected to equate to additional total top up payments of up to £1.5m. The FFI unit rate will be reviewed in future years in accordance with the level of high needs funding received.
- 2.4 Out of Area and Residential Placements are facing growing budget challenges due to increased demand and costs. To address these continued budget pressures it is proposed that £1.5m of the supplementary grant will be allocated to minimise any impact on the overall DSG position. This represents an increase of 12.6% on the initial budget reported to Schools Forum in February 2022.
- 2.5 The supplementary funding also takes into account that post 16 institutions offering extra hours of study to students with high needs may require additional funding. Institutions and local authorities are required to work together in deciding what constitutes an equivalent of additional time for a student with high needs, and/or with an EHCP. Work is ongoing on this issue and initial estimates are that this will cost an additional £200k.
- 2.6 The Covid pandemic has seen major disruption to children and young people's education. There is now a significant rise in requests from schools and settings to support children and young people with communication, learning, and social emotional and mental health issues. Many children are finding a return to school extremely difficult manifesting in high levels of anxiety and acting out behaviours. In addition to this, the recent Schools Bill, the SEND green paper and the newly proposed SEND inspection framework that scrutinises all partners, puts an even greater emphasis on inclusion within mainstream schools and building staff knowledge and skills.
- 2.7 Alongside the need to increase capacity to meet highly complex special educational needs there is therefore an immediate need to rebalance the system and to roll out and embed the Leeds SEND practice framework to support early identification and best practice in line with the SEND Code of Practice and the graduated approach as identified in Leeds SEND strategy and in line with this national picture. The proposed "SEND early support team" is the vehicle by which we aim to work with schools to boost capacity within this agenda.
- 2.8 As a result of these issues, the initial high needs budget included £600k to support transformational work across areas of the High Needs budget. In a full year, an additional £400k will be allocated on an Invest to Save basis to further develop and progress actions to deliver savings and efficiencies to give a total budget of £1m. However as recruitment has not yet taken place, it is expected that the initial £600k will be sufficient to cover the costs in 2022/23. In order to ensure funding is available in future years, the additional £400k will be set aside to add to the DSG reserves in 2022/23. The Invest to Save allocation will be subject to a robust challenge process to ensure delivery of savings and efficiencies.
- 2.9 Taking into consideration the proposed allocations there remains a total unallocated sum of £947k. Although the 2021/22 DSG Outturn position demonstrates a small DSG surplus of £119k there remains a level of uncertainty regarding the future DSG. Therefore to mitigate future DSG pressures it would be prudent to allocate the remaining £947k to a DSG reserve to ensure that we minimise any future DSG deficits.

2.10 Over previous years, demand has been difficult to predict and along with expected significant inflationary cost pressures, it is estimated that there will be an increase in costs in 2022/23 and subsequent years. In addition, funding in future years is as yet unknown and subject to unknown levels of capping. In order to guard against possible future DSG deficit reduction plans and therefore have a need to come back to Schools Forum with options to cut costs, it seems prudent to set aside a proportion of the supplementary grant to fund emerging pressures in future years. Of the 2022/23 total high needs block allocation, it is expected that over 91% will be passported to institutions.

2.11 Below is a summary of the proposed allocation of the allocation of the total High Needs supplementary grant of £4.147m:

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2.12 Schools Forum is asked to note the proposals for the allocation of the High Needs Supplementary Funding 2022/23.