

Report of the Director of Children and Families

Report to the Leeds Schools Forum

Date: 25th February 2021

Subject: High Needs Budget 2021-22

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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 2021/22 High Needs budget submitted for approval to the Full Council meeting held on 24th February 2021.
- 2 The High Needs budget for 2021/22 proposes £91.1m of funding and £92.3m of spend, resulting in a £1.2m deficit for the year. This is due to a cap on funding increases combined with increases in demand which exceed the allocated funding.

Recommendations

- 3 Schools Forum is asked to note the High Needs budget for 2021/22 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 2021/22 this has resulted in Leeds receiving £20.8m less for High Needs than would have been due under the full National Funding Formula.

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 £840m for 2021/22. This increase includes an amount in respect of the teachers' pay and pension costs which were paid as a separate grant in 2020/21.

2.2 The High Needs grant allocation for 2021/22 was issued by the Education, Skills and Funding Agency (ESFA) in December 2020, though adjustments to this figure are expected up until July 2021. For Leeds the current allocation is an increase of £12m for 2021/22, though approximately £1.34m of this increase is in relation to the teachers' pay and pension grants which will no longer be paid as a separate grant.

2.3 Although funding has increased for Leeds, there is currently a cap on gains which means that the Leeds allocation for 2021/22 will be £3.9m less than the full National Funding Formula.

2.4 Despite the £12m increase in funding for 2021/22, 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.

2.5 A key issue is that local authorities have a statutory duty to meet the special educational needs of children which are identified through an education, health and care plan (EHCP), and these needs are increasing in the city. Leeds operates a funding system (Funding for Inclusion, FFI) which provides additional funding for high level needs without the need for a statutory EHCP. This reduces the numbers and costs of undertaking and maintaining EHCPs compared to statistical neighbours and supports inclusion within mainstream schools. Leeds still has statistically lower numbers of EHCPs than comparators, however the city has seen increases in the numbers and complexity of needs of pupils receiving FFI funding and the number of EHCP assessments has risen by over 80% since 2014/15. It is estimated that if the current high level of demand for support through EHCPs is sustained, the number of children supported through these plans is likely to double by 2025 to over 7,000 children.

2.6 A medium term action plan to address the pressures on the High Needs budget is being developed and details of this will be brought to a future Schools Forum meeting. In addition, the council is currently preparing a response to a recently launched DfE consultation on High Needs funding. The DfE is inviting local authorities in England, schools and colleges, other interested organisations and individuals to respond to specific proposals for a small number of changes to the national funding formula that they will use

to allocate high needs funding to local authorities in 2022/23. They are also seeking views on some of the longer term changes to the formula that could be considered in future.

- 2.7 The DfE consultation is open until 24th March 2021 and the full consultation document can be found at the bottom of the following web page (under the 'Related' heading):
<https://consult.education.gov.uk/funding-policy-unit/high-needs-nff-proposed-changes/>
- 2.8 As part of addressing the High Needs pressures in 2021/22, Schools Forum has agreed to transfer £2.89m from the Schools Block to the High Needs Block, following consultation with schools. However some pressures still remain and an overspend against available funding of £1.18m is forecast for 2021/22. The position on the High Needs Block will therefore be closely monitored during the year.
- 2.9 The proposed budget for 2021/22 taking into account the known and estimated changes is as follows:

	2020/21	2021/22	Variance
	£000	£000	£000
High Needs Block DSG Income			
High Needs Block baseline	85,741	97,872	12,131
Places funded directly by the ESFA	(8,910)	(9,656)	(746)
Transferred from Schools Block	2,650	2,887	237
Transferred from CSSB	350		(350)
Total High Needs Grant	79,831	91,103	11,272
High Needs Block Expenditure			
Funding Passported To Institutions			
Specialist settings	36,391	39,230	2,839
Mainstream schools and academies	13,904	17,794	3,890
Post 16 settings	4,465	6,744	2,279
Out of area and residential placements	8,954	11,541	2,587
Alternative provision	5,106	5,282	176
Other funding passported to institutions	3,609	4,133	524
Total Passported To Institutions	72,429	84,724	12,295
Commissioned Services	1,821	1,953	132
Directly Managed By Children & Families	5,581	5,607	26
Total High Needs Expenditure	79,831	92,284	12,453
Increase to DSG Deficit during 2021/22		1,181	

3 Recommendations

- 3.1 Schools Forum is asked to note the High Needs budget for 2021/22 and the proposals for continued monitoring and identification of options to improve this position moving forward.