

**Report of the Director of Children and Families**

**Report to the Leeds Schools Forum**

**Date: 24<sup>th</sup> February 2022**

**Subject: High Needs Budget 2022-23**

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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 2022/23 High Needs budget submitted for approval to the Full Council meeting held on 23rd February 2022.
- 2 The High Needs budget for 2022/23 proposes £103.98m of funding and £103.98m of spend, resulting in a balanced budget for the year.

**Recommendations**

- 3 Schools Forum is asked to note the High Needs budget for 2022/23 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 2022/23 this has resulted in Leeds receiving £22.75m 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 £780m for 2022/23.
- 2.2 The High Needs grant allocation for 2022/23 was issued by the Education, Skills and Funding Agency (ESFA) in December 2021, though adjustments to this figure are expected up until July 2022. For Leeds the current allocation is an increase of £15.88m for 2022/23, this allocation includes a new £4.15m supplementary grant.
- 2.3 The supplementary funding was initially announced in December 2021 and early indications were that it was expected that 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 have since clarified that they expect this pressure to be less than 1% of the overall high needs budget. For Leeds, this would equate to under £1m. The remaining £3.15m relates to other pressures within the block.
- 2.4 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. Although funding has increased for Leeds, there is currently a cap on gains which means that the Leeds allocation for 2022/23 will be £1.90m less than the full National Funding Formula. 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 2022/23 this has resulted in Leeds receiving £22.75m less for High Needs than would have been due under the full National Funding Formula.
- 2.5 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.
- 2.6 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 in line with the national picture.

- 2.7 The budget for commissioned services has increased by £585k. This is mainly as a result of a successful bid for increased funding as a result of a new ward opening at Leeds General Infirmary. DSG income and the commissioned services expenditure have been increased to reflect this successful bid.
- 2.8 The DSG management action plan to address the pressures on the High Needs budget continues to be developed, a copy of the latest action plan is attached as an appendix to this report. Since the plan was last presented to Schools Forum the governance and workstream log has been updated to reflect progress to date, the remainder of the plan remains unchanged. As part of addressing these pressures in 2022/23, Schools Forum has agreed to transfer £3.13m from the Schools Block to the High Needs Block, following consultation with schools.
- 2.9 In addition, the 2022/23 High Needs budget assumes an Invest to Save budget of £600k, it is anticipated that this will be used to develop and progress actions identified within the DSG management plan. This Invest to Save budget will be subject to robust business case proposals which must demonstrate the delivery of savings within other areas of the High Needs budget.
- 2.10 A budget has been set within the funding available, however there is a risk that demand will rise further. Clarification has also been received from the ESFA on assumptions to be made on grant increases in future years. These increases are 5% for 2023/24 and 3% for each year after that. This is less than the 8% per year increase assumed in the medium term financial strategy presented to Schools Forum in October 2021. As a result, it is expected that DSG will be worse off by 2024/25. The position on the High Needs Block will therefore be closely monitored.
- 2.11 The proposed budget for 2022/23 taking into account the known and estimated changes is as follows:

	<b>2021/22</b>	<b>2022/23</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>High Needs Block DSG Income</b>			
High Needs Block baseline	97,872	109,725	11,853
Places funded directly by the ESFA	(9,656)	(13,018)	(3,362)
Transferred from Schools Block	2,887	3,127	240
Supplementary Funding		4,147	4,147
<b>Total High Needs Grant</b>	<b>91,103</b>	<b>103,981</b>	<b>12,878</b>
<b>High Needs Block Expenditure</b>			
<b>Funding Passported To Institutions:</b>			
SILC and Resource Provision Places	15,500	13,738	(1,762)
Out of area and residential placements	11,541	11,860	319
Alternative provision (including AIPs)	5,056	5,056	0

SEN top ups to Institutions	50,782	54,427	3,645
Mainstream additional places (£6k blocks)	1,117	3,231	2,114
Increase in special school places	728	2,647	1,919
Education provision for mental health needs	100	100	0
Supplementary expenditure		4,147	4,147
<b>Commissioned Services:</b>			
Hospital & Home Tuition	1,856	2,441	585
PD & Medical Services	97	97	0
<b>Directly Managed By Children &amp; Families:</b>			
Autism Support (STARS)	464	507	43
Children missing out on education	462	468	6
Management of high needs services	234	234	0
SEN adaptations	141	229	88
SEN inclusion team	1,311	1,337	26
Sensory Service	2,337	2,304	(33)
Invest to Save budget	0	600	600
<b>Other Items:</b>			
Prudential borrowing for SHE provision	558	558	0
<b>Total High Needs Expenditure</b>	<b>92,284</b>	<b>103,981</b>	<b>11,697</b>
<b>Balanced DSG budget for 2022/23</b>	<b>1,181</b>	<b>0</b>	

### 3 Recommendations

- 3.1 Schools Forum is asked to note the High Needs budget for 2022/23 and the proposals for continued monitoring and identification of options to improve this position moving forward.