

Report of the Director of Children and Families

Report to the Leeds Schools Forum

Date: 23rd February 2023

Subject: High Needs Budget 2023-24

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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 2023/24 High Needs budget submitted for approval to the Full Council meeting held on 22nd February 2023.
- 2 The High Needs budget for 2023/24 proposes £117.04m of funding and £117.04m of spend, resulting in a balanced budget for the year.

Recommendations

- 3 Schools Forum is asked to note the High Needs budget for 2023/24 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 £24.61m 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 £970m or 10.6% for 2023/24.
- 2.2 The High Needs grant allocation for 2023/24 (before deductions) was issued by the Education, Skills and Funding Agency (ESFA) in December 2022, though adjustments to this figure are expected up until July 2023. For Leeds the current allocation is an increase of £13.05m for 2023/24, this allocation includes a new £5.17m supplementary grant.
- 2.3 Supplementary funding announced for 2022/23 has been rolled into the base funding for 2023/24 and a further supplementary allocation of £5.17m supplementary grant was announced for 2023/24. The increased funding was announced with a requirement to increase the funding paid to special school and alternative provision mainstream schools, academies and free schools by 3.4% compared to 2022/23 funding. The exact amounts cannot be confirmed until the 2022/23 financial year is complete, but the estimated impact has been included in these budgets.
- 2.4 A further requirement within the high needs operational guide is a minimum funding guarantee to increase funding to special maintained schools, academies and free schools by 3% compared to 2021/22 funding baselines which covers all place and top up funding. As the place funding element is set by the ESFA and remains at £10,000 for 2023/24 and as a result only top up rates can be increase. Therefore in order to meet this requirement, it is proposed that the Funding for Inclusion unit rate for these settings be increased by £24 (from £708 to £732 per unit).
- 2.5 To support inclusion of Leeds' high needs pupils within mainstream, it is proposed that we increase the unit value for all other placements by £24. This is in line with Leeds' Everyone included: SEND and inclusion strategy and the SEND Green paper review.
- 2.6 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 2023/24 will be £1.86m 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 2023/24 this has resulted in Leeds receiving £24.61m less for High Needs than would have been due under the full National Funding Formula.

- 2.7 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.
- 2.8 The EHCP recovery plan will likely identify a further cohort of children that require top-up, 50% of which may result in a specialist place. This will create an extra pressure on the high needs block.
- 2.9 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.
- 2.10 Budgets which are passported to institutions have increased by £12.41m. This is in line with increased demand in the settings concerned.
- 2.11 The budget for commissioned services has increased by £0.16m. This increase is in line with the additional funding received in respect of hospital and home tuition.
- 2.12 Services directly managed by Children and Families have increased budgets of £0.48m. The majority of this increase is the £400k increase in the Invest to Save budget. The remainder is largely as a result of unavoidable inflation increases.
- 2.13 In November 2022, Schools Forum has agreed to transfer £3.338m from the Schools Block to the High Needs Block, following consultation with schools.
- 2.14 In addition, the 2023/24 High Needs budget assumes an Invest to Save budget of £1m. There were delays in recruitment for the SEND Early Help Lead which has now gone out to national advert. The successful service leader will then recruit to the team to support the implementation of the Everyone's included: SEND and Inclusion strategy which is a core strategy for the city and will underpin the forthcoming Area SEND inspection. This key role and the newly created team will support schools and settings in Early support through SEND practice framework delivery and graduated approach as detailed in the SEND code of practice. This approach has been highly praised and seen as good practice by the DfE.
- 2.15 A budget has been set within the funding available, however there is a risk that demand will rise further. During 2022, the ESFA issued guidance on assumptions to be made on grant increases in future years. The position on the High Needs Block will therefore be closely monitored.

2.16 The proposed budget for 2023/24 taking into account the known and estimated changes compared to the 2022/23 original budget is as follows:

	2022/23	2023/24	Variance
	£000	£000	£000
High Needs Block DSG Income			
High Needs Block baseline	109,725	122,294	12,569
Places funded directly by the ESFA	(13,018)	(13,763)	(745)
Transferred from Schools Block	3,127	3,338	211
Supplementary Funding	4,147	5,166	1,019
Total High Needs Grant	103,981	117,035	13,054
High Needs Block Expenditure			
Funding Passported To Institutions			
- SILC and Resource Provision Places	13,738	14,610	872
- Out of area and residential placements	11,860	14,821	2,961
- Alternative provision (including AIP's)	5,056	5,228	172
- SEN top ups to Institutions	54,427	67,631	13,204
- Mainstream additional places (£6k blocks)	3,231	3,962	731
- Increase in special school places	2,647	1,263	(1,384)
- Education provision for mental health beds	100	100	0
Supplementary expenditure	4,147		(4,147)
Commissioned Services			
- Hospital & Home Tuition	2,441	2,603	162
- PD & Medical Service	97	98	1
Directly Managed By Children & Families			
- Autism support (STARS)	507	482	(25)
- Children missing out on education	468	482	14
- Management of high needs services	234	234	0
- SEN adaptations	229	229	0
- SEN Inclusion Team	1,337	1,470	133
- Sensory Service	2,304	2,264	(40)
- Invest to Save budget	600	1,000	400
Other Items			
- Prudential borrowing for SEMH provision	558	558	0
Total High Needs Expenditure	103,981	117,035	13,054

3 Recommendations

- 3.1 Schools Forum is asked to note the High Needs budget for 2023/24 and the proposals for continued monitoring and identification of options to improve this position moving forward.