

# School Management Forum

**Report of:** Rob Brown – Director for Education & Partnership

**Caroline Cannon – Strategic Lead for Inclusion & Specialist Support Services**

**Subject:** High Needs Update

**Date:** 8<sup>th</sup> November 2023

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## 1.0 Purpose of the report

- 1.1 To provide an update on the Delivering Better Value programme.
- 1.2 To provide an update on the Dedicated Schools Grant – Management Plan
- 1.3 To seek approval from the Schools Forum regarding the proposed transfer of funding from the schools block of the Dedicated Schools Grant (DSG) to the High Needs Block in 2024-25.

## 2.0 Delivering Better Value in SEND

- 2.1 Due to the ongoing financial pressures in our High Needs budget the DfE invited the Local Authority to participate in the Delivering Better Value in SEND (DBV in SEND) programme. Aiming to support local area partners to improve the delivery of SEND services for children and young people (CYP) while working towards financial sustainability.
- 2.2 The work carried out in the programme found the following: -
  - The High Needs Budget (HNB) expenditure had grown by 39% since financial year 19/20
  - Maintained Special Schools (MSS) accounting for 44% of 2022 expenditure.
  - Growth has been driven by demand, with caseloads increasing by 55%,
  - Over 50% of children supported in MSS, start their support at both the transition years.
  - 36% of new starts in Independent Non-Maintained Special Schools (INMSS) begin in secondary transition.
  - The prevalent primary needs, SEMH and ASD making up 56% of children being supported in MSS and 85% in INMSS
  - Primary new-starts cohort in MSS, ASD and SLCN make up 57% of primary needs.
  - The programme reviewed 33 cases of which
    - 37% of CYP with an EHCP, needs could have been met without an EHCP.
    - Of the 33 cases 71% CYP had a non-ideal outcome.
      - Of the non-ideal cases, the type of setting in which the child was being supported and the timing of support were the key factors, 92% and 62% of cases respectively.
  - Common themes of why professionals felt that there wasn't an ideal outcome: -
    - No evidence of a graduated response,
    - Lack of MDT response; and

- Missed opportunity to utilise existing services were the main common themes for the CYP.
- 2.3 By using a linear projection on demand and unit cost, the expenditure is forecast to grow to £71m by 2028, with Maintained Special Schools/Special Academies (MSS) and Independent and non-Maintained Special Schools (INMSS) accounting for over 72% of the total expenditure.
- 2.4 Following the findings and engagement with stakeholders, a number of key workstreams have been put in place:
- Inclusion workstream –
    - SEND and Inclusion Clinics to provide support and challenge to ensure CYP needs have been identified accurately, robust graduated response is in place, services and resources are being utilised, training and support is being accessed and use of funding is appropriate.
    - Information for families is clear and accessible.
  - Transition workstream –
    - Review current placements to ensure CYP are having their needs met, and where possible support CYP to transition back into mainstream.
    - Further strengthen the transition process
  - Workforce development workstream –
    - Ensure Graduated Response is fully embedded.
    - Improve understanding of the EHCP process and information required to request and EHCP.
    - Develop a SENDCo handbook.
    - Training programme in place for all staff
    - Implementation of the digital EHCP
    - Support and training for families regarding services and opportunities available locally
- 2.5 Phase one has now been completed and we received notification on 15<sup>th</sup> September 2023 from the DfE Delivering Better Value (DBV) Programme Support team, that we have been successful in our grant application and have been awarded £1m. The DBV in SEND grant will fund the above programme over an 18 month period to deliver the DBV outcomes for CYP in Middlesbrough. The workstreams will commence this half term.
- 2.6 We have been given a strong message from the DfE DBV Programme team that even with the grant approval, that it didn't constitute approval, acknowledgement or acceptance of Middlesbrough current projected financial position (see appendix A – DSG Management Plan). We are expected to function within the allocated high needs funding, for the benefit of the children and young people with SEND. The DBV in SEND grant will be paid in instalments and is subject to satisfactory progress towards achieving targets set out in the DSG Management Plan.
- 2.7 The DBV in SEND proposal submitted to the DfE in September 2023, includes an assumption to transfer 0.5% from the DSG schools block to the high needs block from 2024-25 onwards, to support the delivery of the DBV in SEND programme and while working towards sustainability and ask schools to support the DBV in SEND programme by agreeing to the 0.5% transfer.

### **3.0 DSG – Management Plan**

- 3.1 The DSG conditions of grant set out that any local authority with an overall deficit on its DSG account at the end of the financial year, or whose DSG surplus has substantially reduced during the year, must present a plan to the department and cooperate in providing information and meeting with department officials as and when requested. The Local Authority is now subject to a DSG Management Plan with

the DfE and partners to ensure deficit recovery. Please see appendix A, DSG Management Plan, which formed part of the Delivering Better Value in SEND grant application. The next meeting with the DfE and CIPFA is scheduled for the end of November to discuss progress. We will then prepare and resubmit the DSG Management Plan for a DfE DBV Board meeting to be scheduled in January 2024.

- 3.2 The DSG management plan focuses on the High Needs Block, for the following two reasons:
- Overspends in the High Needs Block are a common reason why local authorities currently are recording cumulative deficits in their DSG accounts. For this reason, the focus on the DSG Management Plan tool is the High Needs Block.
  - The High Needs Block is the major block of the DSG where financial pressure cannot be released fully through the adjustment of formula funding. In the Schools Block, and in the Early Years Block, formula funding can be adjusted downwards to control the overall spending position of the block (albeit that this passes pressure onto the recipients of delegated allocations and is also subject to restrictions e.g., the Minimum Funding Guarantee in the Schools Block, the 5% central retention in the Early Years Block).
- 3.3 Within the High Needs Block however, although the Authority can control spending to an extent, for example through the value it sets for top-up funding and by ensuring a sufficient number of 'local' specialist places, rather than relying on out of area and independent provision, which Middlesbrough has planned and provided for. Much more of the spending within this block is influenced by volume, growth of demand and complexity of cases, which are less controllable. Alongside this there has been a lack of the use of the graduated response and early identification to support greater inclusion within mainstream settings.
- 3.4 In recent years, the High Needs Block of the DSG has been under significant pressure and has carried deficits since financial years 17/18. The Local Authority requested a 1% disapplication of the Dedicated Schools Grant to prevent further deficits in financial year 19/20 and 0.5% transfer in 2022-23 which were agreed by School Management Forum.
- 3.5 In both years the transfers have been used within the high needs service provision, ensuring that children have been placed in the most appropriate placement or received support they need for their education.
- 3.6 In recent years the DSG deficit has grown due to an increase in demand in special schools, resource bases and permanent exclusions at secondary phase. The number of permanent exclusions at Secondary doubled in 2022/23 placing significant pressure across the wider system. There also continues to be an increase in EHCPs, which Middlesbrough has a higher-than-average number of EHCPs.
- 3.7 The DSG management plan includes the following: -
- Increase in provision at Beverley Park
  - Increase in provision for secondary ASD.
  - Increase in SLD provision.
  - Primary free school for neurodiversity from September 2025
- 3.8 At the close of 2022/23 financial year the deficit was reported as £6.6m. As you will see in the DSG Management Plan (appendix A), the deficit is expected to grow to £10.2m in 2023-24 and future projections show a similar increase in 2024-25. Even with the work that has taken place to date and on the DBV in SEND programme and the plans that are in place to mitigate pressure, demand is expected to continue, resulting in an additional financial pressure on the HNB.

#### **4.0 0.5% Transfer from DSG Schools Block to High Needs Block**

4.1 The Local Authority issued to all schools on 19<sup>th</sup> October 2023 a consultation regarding a proposal to transfer 0.5% from the DSG Schools Block to the High Needs Block, this is attached in appendix A – DSG Management Plan and B all other consultation documents circulated to schools.

4.2 The consultation closed on 27<sup>th</sup> October 2023.

4.3 The consultation included a questionnaire which asked the following questions: -

- Does your school support a 0.5% transfer from the Schools' Block to the High Needs Block in 2024-25, to assist with high needs pressures?
- If your school do not support 0.5% transfer in question 1, do you support a transfer in 2024-25 from the Schools' Block to the High Needs Block? If so, at what level would your school be willing to support?

4.4 12 of 49 schools responded, broken down as 7 primary and 5 secondary, made up of 5 trusts. Please see appendix C for the full results.

4.5 From the results 8.3% of responders agreed to a transfer of 0.5% from the schools' block to the high needs block.

4.6 Of those that didn't agree with a 0.5% transfer from the schools' block to the high needs block, 9 % of those results agreed to a transfer of some value. This question didn't require an answer if a positive response was given to question 1.

4.7. 24% of Middlesbrough Schools responded to the consultation.

4.8 Due to ongoing financial pressures, carrying a DSG deficit and being part of the Delivering Better Value in SEND programme, the DSG management plan includes an assumption to transfer 0.5% from the DSG schools block to the high needs block from 2024-25 onwards, to support the delivery of the DBV in SEND programme, while working towards sustainability and ask schools to support the DBV in SEND programme by agreeing to the 0.5% transfer.

4.9 Transfer requests are only agreed on an annual basis for the next financial year and therefore future years assumptions will be consulted upon and brought to schools' management forum each year. In the event that Schools Forum does not agree, the DfE are able to decide if the local authority requests this via a disapplication request submitted November 2023.

#### **5.0 Recommendation**

5.1 School Management Forum to note the update on Delivering Better Value.

5.2 School Management Forum to note the update on DSG Management Plan.

5.3 School Management Forum agree to the transfer of 0.5% from the DSG Schools Block to the High Needs Block for 2024-25