

School Management Forum

Report of: Dianne Nielsen

Subject: Consultation to Request a Transfer of 0.5% of the DSG Schools Block to the High Needs Block 2024/25

Date: 19th October 2023

1.0 Purpose of the report

- 1.1 The purpose of the paper is to seek the views from maintained schools, academies and free school on the proposal to request a transfer of 0.5% from the schools' block to the high needs block.
- 1.2 School Management Forum have a range of responsibilities relating to the DSG. For example, they must be consulted by their LA on proposals to move up to 0.5% of the schools' block to other funding blocks. The consultation fulfils the Forums responsibilities.
- 1.3 The consultation ends on **Friday 27th October 2023**
- 1.4 The outcome of this consultation will be presented and voted on by members of the School Management Forum on 8th November 2023, where your views will be considered in the overall decision.

2.0 Background

- 2.1 High Needs Funding is provided through the high needs block of the dedicated schools grant (DSG). Local authorities must spend that funding in line with the associated conditions of grant, and School and Early Years Finance Regulations. High Needs Funding is also provided directly to some institutions by the Education and Skills Funding Agency (ESFA).
- 2.2 The High Needs Funding system supports provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25, enabling both local authorities and institutions to meet their statutory duties under the Children and Families Act 2014. High Needs Funding is also intended to support good quality Alternative Provision for pre-16 pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream or special schools. The High Needs Funding block provides local authorities with resources for place funding and top-up funding for institutions, and funding for high needs services delivered directly by the authority or under a separate funding agreement with institutions (including funding devolved to institutions).

- 2.3 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.
- 2.4 The Local Authority is now subject to a DSG Management Plan with the DfE and ESFA to ensure deficit recovery. Please see appendix A, which formed part of the Delivering Better Value in SEND grant application.
- 2.5 In both years the transfers has 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.

3.0 Delivering Better Value in SEND

- 3.1 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.
- 3.2 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
 - 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 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.
- 3.3 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.

3.6 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, placement is meeting need, 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

4.0 High Needs

4.1 High Needs NFF will see an increase of 4% in 2024-25 compared to 2023-24 allocation of high needs funding. Authorities will receive an increase in funding between 3% and 5% per head of their 2-18 population, as follows: -

- A funding floor set at 3%. Minimum gains in per-head funding a LA can receive compared to 2022-23 will be 3%
- A gains cap of 5%. Limit in per-head gains that an LA can receive compared to 2022-23; and
- Increased funding through the remaining proxy factors.

4.2 In the indicative High Needs funding allocation for 2024-25, Middlesbrough has a funding floor and gains calculation of 3% for 2024-25 resulting in £38.6m provisional high needs funding allocation. The final allocation will be updated with relevant data in the coming months.

5.0 School Budget

5.1 The DfE have confirmed key elements of the schools National Funding Formula (NFF) in 2024/25, please see Appendix B.

- Local authorities will continue to set a Minimum Funding Guarantee in local formulae in 2024-25 between +0.0% and +0.5%
- For each school the baseline core funding has been increased to represent the funding paid through mainstream schools' additional grant (MSAG) in 2023-24, by applying an uplift to basic per pupil funding, FSM6 factors per pupil and an uplift to lump sum. By

adding the MSAG to the NFF, this ensures that the additional grant paid in 2023-24 forms part of schools' core budgets and will continue to be provided.

- 5.2 The Teachers Pay announced in July 2023 will not form part of the NFF and will be paid as a Teachers Pay Additional Grant (TPAG), allocated outside of the NFF in 2024-25. Therefore, will not form part of your GAG statement (academies, issued by ESFA) or School Budget Share (maintained, issued by LA).
- 5.3 Based on the notified indicative DSG funding allocations for 2024-25, the local authority will be proposing a transfer of 0.5% (C £0.700m), which equates to an approximate reduction in basic per pupil factor of £33.77 per pupil. Appendix C shows the impact on individual school budgets. Please note that this is for illustrative purposes only and will not be your schools final allocation, as this is subject to change on the final formula, due to the updated census and growth fund. The final DSG funding allocations will be notified in December.
- 5.4 The Council consider this proposal a fair balance whether the transfer will be minimised to ensure schools receive the maximum possible increase in their budget to reflect on going pressures, whilst the DSG deficit is addressed. As you will see from the attached DSG management plan the impact of the transfer will help to reduce the overall deficit.

6.0 Reason for Transfer

- 6.1 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. There also continues to be an increase in EHCPs.
- 6.2 Middlesbrough has a higher than average number of EHCPs
- 6.2 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 we have done 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.

7.0 Recommendation

- 7.1 School Forum is asked to consider and vote on a proposal to transfer 0.5% (c £0.700m) from the schools block to the high needs block in 2024-25 (subject to updated pupil numbers/census and growth fund):-
- All Schools Forum member may vote on this proposal.
 - It is a Schools Forum decision on whether to accept this proposal. 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.
- 7.2 Please return the consultation questionnaire by Friday 27th October 2023 to email address dianne.nielsen@middlesbrough.gov.uk. Your feedback will form part of the discussion in School Management Forum.