

Schools Management Forum

From: Caroline Cannon – Strategic Lead for Inclusion and Specialist Support Services

Date: 13th March 2024

Title: DSG High Needs Block Financial Year 2024/25

1.0 Purpose

- 1.1 This report will set out the Council's plan for spending the High Needs Block allocation for the next financial year, April 2024 to March 2025
- 1.2 Schools Management Forum does not vote to approve this budget, however, is asked to note the content of the report and welcome to offer feedback.

2.0 Background

- 2.1 High needs funding is provided to local authorities 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).

3.0 Allocation

- 3.1 Provisional Budgets were published in July 2023 and confirmed 19 December 2023.
- 3.2 The High Needs Block for Financial Year 2024-2025 is £38,937,068 before recouplement. This is an increase of 3.5% based on the latest 2023-2024 allocation as advised by the ESFA on 16 November 2024 or £1,323,294.

3.3 When setting the budget for 24/25 there is a predicted pressure of £6m. This is over the £3.4m pressure identified by the DBV Team. To ensure we are within the DBV forecast we will need to take the following actions.

| Area | Action | Total |
|------------------------------|--|------------------|
| Exceptional Funding | Remove the option of exceptional funding and increase matrix funding for primary | £850,400 |
| Recharges | Increase recharges for PEX, intervention places and Hospital Teaching | £101,000 |
| Additional Assessment Places | Recoupment for assessment places in EY BP and Green Lane: SEMH | £128,500 |
| Total | | 1,079,900 |

These actions will bring us towards the DBV forecasts however there is still a gap in the funding. Alongside this as demand grows, further consideration will be given to:

- review Inclusion and Outreach model making required changes
- the Secondary Pilot Funding provided to reduce the number of exclusions. Currently we are not seeing an impact of this funding model. This will be reviewed in March 25 to consider if this model will continue.
- funding provided at the SEN Support stage in line with other regional funding models
- review funding bands provided to specialist settings
- outcomes of the SEND and Inclusion Clinics
- review the Early Years funding and provision
- ensuring DBV priorities are met.

3.3 Current Placement Costs

3.3.1 The DfE deducts place funding for Academies and Post 16 Institutions. Recoupment is £7,891,761 before the place change notification is agreed.

| Type | Number of Places | Total Cost £ |
|--|------------------|------------------|
| Mainstream academies (special educational needs (SEN) units and resources provision) | 360 | 2,216,000 |
| Special Academies – pre 16 SEN places | 85 | 850,000 |
| Special Free Schools – pre 16 SEN places | 134 | 1,340,000 |
| Alternative Provision (AP) academies and free schools | 112 | 1,120,000 |
| Further Education (FE) and independent learning providers (ILP) | 211 | 1,266,000 |
| Hospital Academies | 59 | 1,099,761 |
| | | 7,891,761 |

3.3.2 The Local Authority has commissioned the following places at maintained schools or directly with an academy or free school outside of the ESFA agreements.

| Institution type | Number of Places | Total Cost £ |
|-------------------------------------|------------------|-------------------|
| Pre 16 Special Schools (maintained) | 433.6 | 4,336,000 |
| Pre 16 Resource Bases (maintained) | 16 | 96,000 |
| Satellite Primary | 40 | 400,000 |
| Pre 16 Special Free School | 14 | 81,700 |
| TOTAL | | £4,913,700 |

The total placement costs for 24/25 in these categories is **£4,832,000**.

3.3.3 The Local Authority expects to commission up to 75 places in independent schools for existing attendees at a cost of **£5,263,100**.

4.0 Top Up Funding

4.1 Spending in this area covers children and young people aged 0-25 years. All spend in this area is to support settings to deliver education for children and young people with an Education Health and Care Plan (EHCP) or a SEN Support Plan.

4.2 For children in mainstream primary settings (from reception year), children and young people's needs are assessed via a matrix against a costed provision map. The matrix awards points that turn in to a financial value. Schools can claim via the matrix where they can evidence that they spend more than their SEN notional budget (i.e. £6,000) on a package of support for a learner. Each point claimed is worth £67.50.

4.3 Secondary Schools from September 2022 have been funded according to the percentage of secondary students in their school with an EHCP.

4.4 The budget for pre-16 mainstream settings in 24/25 is **£2,450,000**, an increase of 200k from the 23/24 budget.

4.5 The majority of top-up funding for children and young people attending resource provision, operate on a sustainable funding model, with the remaining provision operating on a banding model. Those currently on a banding model are in negotiations to move across to the sustainable model by the end of the academic year. This will ensure that we maximise resources and promote retention and quality of provision.

4.6 The budget for resource provision top-up funding has been set at **£3,091,700**.

4.7 Special School top ups for financial year 2024-2025 will be **£11,975,100**. This area has seen a significant pressure and change to the complexity of student needs in special school provision as we prevent children attending out of area independent provision. This has resulted in a high number of over commissioned places with corresponding top up funding. The budget has increased by £2,920,100 based on 2023-2024 allocation.

4.8 The High Needs Operational Guidance states “The local authority, in deciding on top-up funding rates for the pupils to be placed in its maintained special schools, special academies it previously maintained and special free schools located in its area, must increase the budget of any special school such that it would be at least 3% higher in financial year 2023 to 2024 than in financial year 2021 to 2022, if all the pupils in the special school were placed by the local authority, and the number and type of places remained the same in the two financial years 2021 to 2022 and 2023 to 2024. The local authority can apply to the Secretary of State to set a lower percentage instead.”

4.9 Post 16 institutions

4.10 The number of students remaining in Post 16 education including Supported Internships, is expected to be similar to 2023-24, and to reflect this there has been a small increase in places commissioned. The budget will be **£766,000** for top up claims. Top-ups and internship costs will be claimed via Annex 1 documents as in previous years and will reflect actual costs minus £6,000 place funding.

5.0 Alternative Provision

5.1 The High Needs Block part funds alternative education for children and young people who are permanently excluded or at risk of exclusion. This is delivered via several arrangements.

5.2 The AP Academy placements are included in the place funding figures,

| Provision | Description | Cost |
|---------------------|---|-------------------|
| AP Academy Top Up | £8.5k per place additional top up funding | £1,110,500 |
| External Provision | Additional AP (inc learning centre) | £2,044,900 |
| Holmwood assessment | Assessment places for primary children | £186,000 |
| Total | | £3,253,900 |

6.0 Specialist Support Services

6.1 The High Needs Block also funds Specialist Support Services delivered by the Local Authority. These are:

6.1.1 The Specialist Teaching and Resource Service (STARS), which provides equipment and teaching for children and young people aged 0-25 with a hearing or visual impairment.

6.1.2 The Early Years and Primary Outreach Service which provides portage and inclusion services for children with Special Needs aged 0-10 years with a cost of £427,200.

6.1.3 There is also an Early Years Inclusion and Development Fund to support SEN children in nursery provision which is allocated by EYSS Service. The

total budget will be £750,000, split £300k DSG Early Years and £450k DSG High Needs.

- 6.1.4 The Psychology Service is mainly funded from central service ensuring that the statutory functions of the service in line with key requirements. A small amount of funding is from the High Needs Block to fund critical incident work and support bursary placements.
- 6.1.5 The Cleveland Unit is part funded DSG Early Years and DSG High Needs. DSG High Needs will contribute **£83,500** towards this service.
- 6.1.6 The Speech and Language Service contract is funded from High Needs Block.
- 6.1.7 Small budget for home and hospital teaching **£96,000** to further develop the service and meet the increase in demand for support.
- 6.1.8 See the table below for 2024/2025 costs for Specialist Services

| Service | Funding |
|--|--------------------|
| SEND | £471,100 |
| STARS | £131,500 |
| Secondary and Post 16 Inclusion and Outreach | £721,400 |
| EY and Primary Inclusion and Outreach | £427,200 |
| Early Years Inclusion and Support Fund | £450,000 |
| Psychology | £ 70,000 |
| Speech and Language | £ 276,700 |
| Neurodevelopment Pathway | £17,000 |
| Total | £ 2,564,900 |

7.0 Other costs from High Needs Block

7.1

| Description | Cost |
|----------------------------------|------------------|
| Out of Area placements | £850,000 |
| Direct Payments/Personal Budgets | £79,000 |
| Bespoke Provision | £150,000 |
| DSG Overheads | £692,800 |
| Historic TPPG | £554,700 |
| 3.4% uplift | £606,600 |
| Other contributions | £82,000 |
| Total | 3,015,400 |

8.0 Teachers' Pay Additional Grant

- 8.1 A separate teachers' pay additional grant (TPAG) will continue in 2024-2025, which will be passed on to eligible special and AP schools, to help with the costs of the 2023 teachers' pay increase. There will also be a specific amount of funding that will be passed on to hospital schools.

- 8.2 There will also be an additional grant for 2024 to 2025 to reflect the additional costs of the increase of 5%, to 28.6% to the employer contribution rates to the teachers' pensions scheme from April 2024. Further details will be announced in due course.
- 8.3 The separate grants listed above should not be confused with the historic teachers' pay and pension funding which special and AP schools already receive separate payments, based on a per place basis.

9.0 Transfer from DSG Schools Block to High Needs Block

- 9.1 At the School Management Forum (SMF) meeting held on the 12 December 2023. SMF agreed to a 0.5% transfer from the DSG Schools Block to High Needs Block. The transfer equates to £699,500 in 2024-2025. The transfer of funding is to be used to:-
- commission a specialist provider to enhance our Outreach provision **£300k** and;
 - targeted intervention places for secondary pupils **£400k**.

10.0 Summary

- 10.1 Total Spend against this budget with the recommended allocations in this report is projected to be £46,152,161 before recoupment. This will create an expected overspend of £7,215,093.

| | |
|---|-------------------|
| HNB ALLOCATION FROM DfE 2024-2025 AFTER RECOUPMENT | -£31,045,307 |
| INCOME | -£535,000 |
| 0.5% transfer from DSG Schools Block to HNB | -699,500 |
| TOTAL | -£32,279,807 |
| ALLOCATED BUDGET after recoupment | £38,030,900 |
| VARIANCE deficit/surplus | £5,751,093 |

11.0 Recommendations

- 11.1 School Management Forum to note the content of this report.
- 11.2 School Management Forum note the expected in year deficit of £5.7m in 2024-2025, based on current planned spend and savings identified. The Delivering Better Value programme anticipated an in-year deficit of £3.5m in 2024-2025.