# Southend-on-Sea City Council

Agenda Item No.

Executive Director of Finance and Resources
Executive Director of Children and Public Health
to
Education Board
On
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Report prepared by:

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#### High Needs Block detailed budget allocation 2023/24

# 1 Purpose of Report

To present the High Need's DSG (Dedicated Schools Grant) block detailed budget allocations for 2023/24.

#### 2 Recommendations

Education board (EB) are asked to support the proposals of:

- 2.1 To continue the special school flexible place fund allocation scheme from September 2023. (As referenced in section 7.2)
- 2.2 Note, that the conditional and additional 3.4% supplementary grant has been awarded to both special and alternative provision schools (As referenced in 7.4)
- 2.3 The continuation of the compensation place funding scheme for the enhanced mainstream units from September 2023, where that unit was not fall at the point of the October 2022 school census. (As referenced in section 7.5)
- 2.4 The further funding increases applied to bands 1 4. (As referenced in section 8.2)
- 2.5 The one off funding proposals (As referenced in Section 12).
- 2.6 And in consideration of recommendations 2.1 to 2.5, combined with the budget requirements as presented in this paper, support and adopt the detailed High need budget allocations for 2023/24.

# 3 Background

- The Department for Education (DfE) announced the Dedicated Schools Grant (DSG) funding allocations for 2023/24 on the 16<sup>th</sup> December 2022. The Final "Dedicated Schools Grant 2023/24 budget paper" was published to the Education Board (EB) on the 17<sup>th</sup> January 2023, providing the totality of funding for each of the 2023/24 DSG funding blocks including High Needs.
- 3.2 The following points should remain minded:
  - Southend had considerable overspend pressures on its high need block for 3.2.1 the two financial years 2016/17 and 2017/18, 2018/19 was the first financial recovery year with a small in year underspend that alleviated some pressure on depleted and deficit high need funding reserves. 2019/20 saw the first sign of full recovery leading to fully restored positive end of year DSG reserve balances including High Needs within. Nationally many local authorities have also since been struggling to contain high needs spending within their allocations, the government and the DfE have responded and awarded additional and welcome higher levels of re-current funding to high needs blocks from 2020/21 and continued into 2023/24, with further expected for 2024/25 (which is the final year of the current governments budget cycle). There are however local authorities that continue to struggle to contain spend within their funding allocations, and as such, are under DSG "safety valve" agreements with the DfE, requiring both high need reforms and financial recovery plans.
  - 3.2.2 It is therefore once again welcome to re-confirm that through the joint work of Southend's Local Authority (LA), Education Board, special schools and schools over the last 6 years, combined with the additional funding received from the DfE that Southend's High Needs block is now in this strong and healthy financial position. The LA continues to be committed to use this funding to support sector improved provision and outcomes for children and young people with SEND and additional needs.
  - 3.3 Risk on funding pressures within the High Needs block remain due to a combination of increased demand and complexity. Nationally there is a significant growth in complex needs and requests for assessment, alongside a recognition to strengthen an inclusive broader SEND/AP system so that children and young people are prepared well for adulthood. To achieve success, so that we provide the right support at the right time for children and young people, the LA will continue to distribute and target High Needs funding to ensure that national expectations for outcomes are achieved by Southend Children and Young people. We will continue to sensibly plan the distribution of available High Needs funding, whilst being mindful that inflation nationally is still very high, adding considerable increase in cost pressures for all sectors.

#### 4 2023/24 High Needs DfE funding allocation

- 4.1 The detailed and proposed high needs budget allocation for 2023/24 is presented in Appendix 1.
- 4.2 As first presented in the October 2022 EB DSG paper, the following were the key headline announcement released by the DfE in relation to High Needs funding allocation for 2023/24.
  - 4.2.1 The funding floor this ensures that all local authorities' allocations per head of child population will increase by a minimum percentage compared to the baseline. For 2023/24 we are setting the funding floor at 5%, having adjusted the baseline to include the supplementary high needs funding that was allocated to DSG funds in December 2021.
  - 4.2.2 The gains cap the limit on gains per head of the population compared to the baseline. For 2023/24 we are setting the gains cap at 7% which means that local authorities can see an increase of up to 7% before their gains are capped.
- 4.3 And to remind, as first presented and officially known in the January 2023 EB DSG paper, the DfE, also announced on the 16<sup>th</sup> December 2022 an additional 2023/24 high needs supplementary grant amount to the DSG nationally & locally, and of which included specific conditions that authorities are required to pass on a 3.4% funding increase to maintained special and alternative provision (AP) schools, and special and AP academies (including free schools) with effect from the 1<sup>st</sup> April 2023.
- Therefore, to now remind, for our own local 2023/24 DSG high need funding allocation this has now been set at total allocation of £32.605M, a total additional £3.337M from 2022/23 also incorporating the additional DSG supplementary grant.
- The high needs block funding allocation does still remain provisional until July 2023, whereby the DfE will then be updating the final funding allocation in recognition that the authority meets all the high need place funding costs in their home area regardless of the pupil's own home authority residence (excluding free special schools). And this is known by DfE terminology as the "high need import and export funding adjustment". Therefore the home authority will be compensated (at £6000 per pupil) in relation to high need place funding, where that authority supports more pupils (than the previous year) who live outside of the home resident authority area than pupils they have been required to place in another local authority area, or on the contrary, a reduction in the local import and export funding adjustment will be applied if the opposite event occurs. Currently Southend's funding allocation is based on a net import of 143 pupils (based on the July 2022 applied Import and Export adjustment 70 plus 73 further Post 16 amendments applied post July 2022).

# 5 Summary table of proposed budget allocations between 2022/23 to 2023/24 as illustrated in Appendix 1

Summary Heading	2022/23 Final Budget (A)	2022/23 Final Spend	2023/24 Opening Budget (B)	Budget movement Increase / (decrease) (B - A)	2023/24 Opening Forecast
Place funding	£8.666m	£8.546m	£9.040m	+£0.374m	£8.865m
Special and AP top up funding	£7.947m	£7.459m	£9.137m	+£1.190m	£9.137m
Subtotal	£16.613m	£16.005m	£18.177m	+£1.564m	£18.002m
Schools, early years, post-16 top up funding	£5.318m	£4.916m	£5.930m	+£0.612m	£5.930m
Independent Providers	£1.950m	£3.038m	£3.000m	+£1.050m	£3.000m
Other Provisions including	£2.595m	£1.845m	£3.864m	+£1.269m	£3.614m
SLA's					
Total services line total	£26.475m	£25.803m	£30.971m	+£4.495m	£30.546m
Contribution toward Early Years SEND inclusion Fund	£0.00m	£0.00m	£0.100m	+£0.100m	£0.100m
Funding allocations to support required future permanent growth in high need provision	£2.400m	£0.072m	£1.400m	(£1.000m)	£0.700m
One off funding from High Needs DSG Reserve	£0.00m	£0.00m	£2.750m	+£2.750m	£2.750m
Remaining balance held aside from	£0.393m		£0.135m	(£0.258m)	
service provision to support any in year					
high need funding pressures					
Total	£29.269m	£25.875m	£35.356m	+£6.087m	£34.134m

# 6 Place Funding 2023/24 Academic year

- 6.1 Appendix 2 provides the place funding allocations and funded pupil numbers for each school/college from September 2023 within Southend, including the commissioned place funded number movement from 2022/23 and this is now a total place number allocation of 994 for 2023/24 (a further net growth of 31 commissioned places from 2022/23).
- In accordance with statutory DfE guidance, the place funded numbers from September 2023 to August 2024 have been agreed and revised by the Head of SEND in consultation with the respective special schools, Further Education colleges and enhanced mainstream bases and the Head of Access and Inclusion for the Alternative Provision unit. For Education Skills Funding Agency (ESFA) funding recoupment to apply to academy schools, the DfE require that the place numbers are confirmed by November 2022 with the DfE for the start of the 2023/24 academic year. Therefore, the place funded numbers are listed as those that have been updated directly with the DfE i.e. where confirmed with the schools in time for the November 2022 submission, and any additional place fund allocations that will be funded outside of the DfE submission that have subsequently been agreed with those schools.

- As result of both the revised and increased place funded numbers as shown in Appendix 2 and Appendix 1, this derives the additional 2023/24 place funding allocation to be awarded of £374,000 compared to 2022/23. And note the actual place funded amounts per pupil are defined by the DfE and set at £10,000 per annum per place for Southend's special schools, alternative provision schools. Further education post 16 providers, and enhanced mainstream school bases are set at £6,000 per place per annum (with the remaining £4,000 per place funded through the schools block where those applicable pupils are registered in the annual October census).
- The final budget allocation awarded to place funding in 2023/24 is therefore £9.040M, an increase of £0.374M from 2022/23. Whilst some of these increases will not come into effect until September 2023, i.e.7/12ths of the 2023/24 financial year, to aid long term financial planning the budget has been set on a full academic year allocation.

# 7 Top up funding for Special Schools and Alternative Provision

- 7.1 All top up funding budget allocations have been updated in accordance and inconsideration of the additional place funded numbers from September 2023. Note, the allocations of pupils to bandings are the best estimates known at the time of writing this paper, there will therefore continue to naturally be further smaller movements leading into September 2023 and beyond.
- Historically, under a local agreement a flexible place funding top up provision of £40,000 has been set aside to honour an agreement where a special school's actual place numbers rise above their commissioned funded place number. A more equitable distribution model was devised, agreed and administered from September 2021. The formulae is displayed in Appendix 7 and it is proposed to remain as set from September 2023. The current expectation is this model from September 2023 will continue to cost at maximum within the £40,000 budget provision, and this is also in view that there have been more formal commissioned place numbers (As shown in Appendix 2) from September 2023 that should therefore also in turn require less call on this additional funded provision.
- 7.3 The current number of Southend pupils expected to attend a special school in 2023/24, and their associated top up banded amount has been formulated to calculate the estimated overall annual expected amount for distribution. The workings of this calculation are shown in Appendix 3. To remind, these workings also include the previously awarded 5% uplift to all EHCP top up banded rates from April 2023 as shared in the December 2022 EB DSG paper. An additional £0.6M has therefore been awarded to the special school EHCP top up provision to meet the expected costs in 2023/24, bringing the total funding allocation to £6.1M and note this also excludes the additional 3.4% supplementary grant as referenced in 7.4. And, as agreed in the same paper, a 5% uplift was also applied to the local Alternative Provision school top up rates, where overall funding provision has also been set to remain within existing allocations.
- 7.4 As first referenced in the January 2023 EB DSG paper, the DfE instructed (on the 16<sup>th</sup> December 2022) as a condition of the additional funding high need blocks received, that all authorities are required to pass on a 3.4% funding

increase to take effect from 1<sup>st</sup> April 2023 to both Special and Alternative Provision Schools (including free schools) within their local area. This additional funding has therefore been calculated as per the conditions of the grant displayed in Appendix 8 attributing a further £475,000 to special schools and £81.000 to the Alternative Provision schools.

- 7.5 Appendix 4. displays the current estimated EHCP top up funding for the Enhanced Mainstream Units (also incorporating the 5% uplift agreed) and the further increases for Bands 1 – 4, as referenced in 8.2 below. It is also proposed, that within the funding for the enhanced mainstream units that the additional arrangement agreed to honour compensation funding of £4,000 per place per annum where that provision was not full at the time of the School's October 2022 census should continue into 2023/24. This in effect allows the enhanced mainstream units to plan and resource the base's appropriately regardless of the fact provision may not have been full at the particular time of the October 2022 census. There is of course a particular requirement where the provision is either new to an academic year or will be expanding in that following academic year where this would apply. A total budget allocation of £650,000 has therefore been allocated to this provision, including maximum anticipated compensation funding or increase top up funding should all places be full, an increase of £35,000 from 2022/23.
- And lastly, as also first referenced in previous 2021/22 DSG EB reports, the DfE built within the DSG funding allocations for 2021/22 and an ongoing basis, the teacher pay award and pension grants that prior to 2021/22 were paid by separate grants to the schools. The DfE have instructed that these grant amounts should continue to be paid through the DSG at the same funded levels which they were paid in 2020/21 (and in addition to both place and top up funding). Appendix 6 therefore displays these 2020/21 grants for the applicable high need schools that will continue to be paid during 2023/24.
- 7.7 The final budget allocation awarded to top up funding for Special Schools / Enhanced Mainstream bases and the Alternative Provision School in 2023/24 is therefore set at £9.137M, which is an increase of £1.190M from the 2022/23 allocation. (& note of which approx. £0.850M is to support increased cost, and £0.340M for further increased demand)
- Top up funding for early years provider, mainstream schools and post 16 providers
- 8.1 The 2023/24 budget allocation attached to Early Years ages 2 to 5 SEND top ups has been set to £230,000 a further increase of £100,000. There had been an overspend on this provision in 2022/23 (due to significant increases in complexity of needs and demand) and reflecting this it is anticipated that this budget should therefore meet that demand and allow some room for further growth.
- 8.2 Appendix 5, displays the current anticipated banded levels and associated Sept 2023 banded EHCP top up rates. It must be positively noted, in addition to the 5% increase for all EHCP Banded top up rates from April 23 (As applied in the Dec 22 EB DSG paper, which did also state, they will be subject to further review). It is confirmed as displayed in Appendix 9 further increases will now be

applied from April 23 for Bands 1 - 4. A Local Authority review has now been undertaken of the EHCP banded levels and in further recognition of increased cost pressures within mainstream schools and support costs for Children with EHCP's at the lower banded levels. It of course remains a key priority that mainstream schools are sufficiently resourced to continue to meet the needs of those pupils. A scaling increased uplift factor has been applied with further higher increases applied at the lower bands within Bands 1 - 4. This is an additional cost of £0.200M per annum. This cost therefore has been factored within the now updated budget allocations returning a current annual budget allowance of £3.4M per annum (£2.2M Secondary and £1.2M Primary) for 2023/24, both an increase of £0.2M for Secondary and Primary from 2022/23, and also therefore allowing for further additional budget allocation to support the growth in children with EHCP's.

- 8.3 Out of borough Mainstream or Special Schools. Where Southend children are placed in schools in another authority guidance by the DfE expects the top up funding rate of that authority where the child is placed to be honoured. Therefore there is no control in terms of price's to be paid for that child where this occurs. The 2023/24 funding allocation has therefore been increased by £100,000 (from £900,000) to afford a further level of growth in 2023/24 to now a revised allocation of £1M per annum.
- 8.4 Top ups for post 16 providers, although an underspend occurred in 2022/23, this of course remains a priority area of required growth to support the educational needs of EHCP children as they become young adults. The funding allocation has therefore been set to receive a small increase of £12,000 returning a total allocation of £1.3M per annum.
- 8.5 The final budget allocation awarded to this top up funding provision in 2023/24 is therefore set at £5.930M, which is an increase of £0.612M from the 2022/23 budget allocation.

#### 9 Independent providers

- 9.1 School age children whose educational needs are unable to be met through a mainstream school, special school, or Alternative Provision school have to be met through the use of Independent providers.
- 9.2 Independent provider provision is only used where there is no viable alternative available within Southend or where directed by SEND Tribunal and therefore these costs are largely unavoidable. Southend has also experienced a now maintained rise in the required numbers of children in care requiring external residential care placements (which is also being experienced in other authorities nationally) and whereby these residential placements will also include Education provision within. The educational cost of independent provider placements tend to be more expensive than children educated through either a mainstream or special school provision and particularly when they are required to be placed in a residential school. It is therefore a requirement that this funded allocation is increased to fund the current levels of expenditure in 2022/23 that have increased considerably which was as referenced in the "Final Outturn for Dedicated Schools Grant 2022/23 paper". It is hoped the costs will be no more than this now updated allocation for 2023/24.

9.3 The total budget allocation awarded to this funding provision in 2023/24 is therefore £3.000M, and provides an increase of £1.050M.

# 10 Other funding provision including SLA's

- 10.1 As statutorily required, a budget to support low cost high incidence SEND placements within mainstream school will continue to be set, any required allocation of this funding will continue to be determined by the Head of SEND and in accordance with the DfE guidance. This budget allocation is therefore set to remain at £10,000.
- The budgeted allocation for education services provided to Southend children in hospitals is set to remain at £100,000. This continues to provide head room within this provision compared to 2022/23 spend allocations should that occur.
- The following services have all been set to maintain at their current total funded service provision, with the exception of a 5% increase applied to their total budget allocations to assist in meeting any final and agreed inflationary staff costs in 2023/24 and other inflationary pressures from April 2023:
- 10.3.1 Interim Tuition Service
- 10.3.2 Early Years Special Educational Needs Coordinators (SENCO's) and Specialist Teaching within the Local Authority SEND team
- 10.3.3 SEN Support services, covering Speech and Language, Autism Spectrum Disorder and advisory SENCO's.
- 10.3.4 Inclusion Services (including Outreach support, and Inclusion Panel Funding)
- 10.3.5 Elective Home Education (Alternative Provision)
- 10.4 Elective Home Education (EHE) EHCPs, it is proposed to maintain the existing small funding provision of £20,000 to support EHE for children with EHCP's as there continues to be no spend activity on this provision currently.
- 10.5 It is proposed to set the budget provision to £150,000 personal budget payments to the parents/carers of children or to young adults who make an informed choice to receive their EHCP funded support by way of direct payment (An increase of £50,000 from 2022/23). Spend on personal budgets did grow in 2022/23, and this 2023/24 budget allocation enables that growth to be funded.
- 10.6 A new annual £100,00 budget provision is also proposed to support the educational development for children with significant and complex needs, who in additional to specialist school provision require additional educational training opportunities for the development independence, self-care and life-skills.
- 10.7 As developed and referenced throughout 2022/23, with the resulting final agreement of allocation of spend presented to Education Board in December 2022 paper named "Review of inclusion across Southend on Sea Schools, Setting and Service". The annual £1M previously held under the "Budget allocations for permanent growth", is now transferred and embedded within active service line expenditure, and to remind, this includes the work of a number of key and high quality focus training area's for schools including inclusion expertise, relational practice and trauma informed approaches,

bespoke training for schools responding to meeting the growing social, emotional, mental health and related medical needs of children and young, and an opportunity for schools to bid for additional bids to provide innovative interventions as part of their effective inclusive offer.

- 10.8 A further and new annual £100,000 budget top up provision towards the Early Years (Special Educational Needs) inclusion fund is also proposed. As per conditions of DSG, high need blocks funds can be used to top up the Early Years DSG SEN (Special Educational Needs) inclusion funds. A review will continue to be undertaken within the Local Authority to ensure early access and an equitable access to these funds is made available for appropriate EY providers for children with SEN. Whilst, these funds will be made available from the High Needs block, the £100,000 budget provision will be added to the Early Years Block.
- The final budget allocation awarded to this funding provision is therefore £3.864M + £0.100M for the Early Years (EY) block and the SEN inclusion fund, and this is a total net increase of £1.269M + £0.100M for EY from the 2022/23 budget allocation.

# 11 Budget allocations to support permanent future growth

- 11.1 Whilst this paper sets out a mechanism to allocate a balanced High Needs budget for 2023/24, including growth and or inflation applied throughout on existing funding provision. It is therefore welcome to confirm, given the additional £3.337M funding received for 2023/24 there remains a further £1.4M (reduced from £2.4M in 2022/23) that can be used to support further growth and expansion of current high needs provision. This obviously continues to be welcome news for Southend, the educational community and pupils supported.
- 11.2 Further permanent funding provisions therefore continues to be held aside to support planned and further required EHCP places and top up funding, some of which is currently anticipated to come in on stream from September 2023 (subject to final consultation), and the continual development of an additional alternative provision base (as referenced in the December 2022 "Review of inclusion across Southend on Sea Schools, Setting and Service"). Permanent allocations of £0.7M per annum for each of these 2 permanent initiatives continues to be held aside, whilst under development.

# 12 Budget allocations to support One Off 2023/24 proposals

12.1 Whilst the budget presented in this paper supports permanent allocation and future permanent growth of high need spend provision, there remains further positive activities and initiatives to be developed and targeted for future educational support and development for children and young people with SEND and additional needs. There will be a focus flagged on improvements in light of the recent SEND Area inspection, including the strengthening of central outreach services, specialist teacher support services and emotional wellbeing. The latter will enable an enhanced educational psychology offer to children and young people. It must also be acknowledged given the continued growth in the number of EHCP's, a system wide review of all SEN support will be undertaken. In order to review and develop these services an initial £0.5M of funds for

2023/24 is targeted from the DSG High Needs reserves. This is presented under the new expenditure line of "SEND local offer". Considerations to the expected and the size of the ongoing permanent funding arrangements will form as these initiatives are developed throughout 2023/24 (and inconsideration further permanent funding will be available in 2024/25) and will be presented back through to the Education Board.

- 12.2 As referenced in the previous "Final Outturn for Dedicated Schools Grant 2022/23" paper, it is positive, despite all the increased permanent growth applied to High need spend provision over the last 4 years, that there does remain at the 31st March 2023 a local high level of one off DSG reserve balance for High Needs, which has been largely driven by the awaited and further permanent expansion of new high needs provisions, most of which are now live in 2023/24 as presented throughout this paper, but with remaining note to section 11 within.
- 12.3 The Local Authority is committed to support early identification and the inclusion of children and young people within their local mainstream schools and colleges. It also recognises that schools have faced unprecedented pressures in offering support to children and young people with emerging and additional needs due to budget pressures. Therefore the Local Authority with the support of the Education Board, and in view of the positive High Needs reserve balance will be awarding an additional one off £50,000 grant to all local mainstream schools paid in July 2023 for matters related to early intervention, emerging needs, enhancing universal and inclusion support. Whilst this funding will be for schools to decide how best to use within their given context, the aim of this funding must be to bring about improved outcomes for pupils. As such schools will be required to demonstrate the impact of this funding in 2024 by a return statement. We look forward to celebrating the impact of this additional one off available resource. The total cost of this one off grant will be £2.250M. It must be noted, that the reason this grant is administered at the same level for every school, is due to the fact that Individual Mainstream Schools budgets themselves are already under Pupil led funding formulae, funded within for SEND support (under notional allocations) linked to the both the size of the school, primary or secondary and pupil led cohort factors within those schools. Therefore, this grant is an additional one off and consistent lump sum to those funding factors to urgently assist and help alleviate mainstream school budget pressures for emerging needs and inclusion support.

#### 13 Budget retained

13.1 To continue to aid long term planning, given the risk and volatility of financial risks associated with High Needs funding where many other local authorities are under financial pressure with required financial recovery plans. It is prudent to always ensure a recurrent funding amount is set aside (i.e. a contingency) within a reasonable small tolerance, so that any potential in year overspends on recurrent funding can be absorbed without leading to negative recovery actions in future years. This sum has been reduced significantly for 2023/24 to circa £135,000 (a reduction of £258,000) from 2022/23. Thought will continue to be needed for futures years as to when and whether this sum can be increased and in view of further permanent funding streams coming in on stream.

# 14 2023/24 Opening Forecast Outturn

14.1 The budget allocations have been set on permanent full year effect which therefore ultimately supports long term ongoing planning. The opening forecast outturn reflects that in the 2023/24 financial year there will be expected underspends on some services as some of the new permanent growth will not apply until during 2023/24.

#### 15 Conclusion

- After earlier years of funding pressures, it is very welcome that the High Needs Budget allocation for 2023/24, as well as in the last 3 years 2022/23 to 2020/21, continues to presents a paper of growth in funding allocations to support our local children and young adults and therefore their educational outcomes.
- 15.2 However, it must continue to be acknowledged that high needs pupils are those whose educational needs cannot be met by resources delegated via the school's block. Any reductions in inclusive practice, increases in EHCPs, pupil exclusions, parents of SEN pupils electively home educating and placements in special schools all add further cost pressure on the high needs block. Therefore, the long term future of the High Needs budget continues to the need the support of the wider schools community to remain sustainable.

# 16 Appendices

Appendix 1 – DSG High Need Budget detail allocation 2023/24

Appendix 2 – Place funded pupil numbers per school or college from Sept2023

Appendix 3 – Special school top up funding for 2023/24 est. schedule

Appendix 4 – Enhanced mainstream unit top up funding 2023/24 est. schedule

Appendix 5 – Mainstream top up funding 2023/24 est. schedule

Appendix 6 – Special School Teacher pay and Pension grant (continued)

Appendix 7 – Special School flexible place funding from Sept 2023

Appendix 8 – Special School and Alternative Provision 3.4% Supplementary Grant from April 2023

Appendix 9 – EHCP Banded top up rates