

Report to the Schools Forum 18 May 2023

High Needs Update

1 Background and Context

- 1.1 Allocations of DSG funding to support high needs have increased significantly in recent years. However, as illustrated by DSG balances (predominantly a result of the high needs position) expenditure has broadly tracked the increase in funding.

Year	High Needs DSG Allocation	DSG balance at beginning of year
2017/18	£20.150m	£271,000
2018/19	£21.224m	(£544,000)
2019/20	£21.979m	£20,000
2020/21	£25.070m	£120,000
2021/22	£28.139m	£576,000
2022/23	£31.693m*	£333,000
2023/24	£34.947m	£247,000

- 1.2 The above position is significantly better than the DSG position in many local authorities. The net increase in the funds available for the high needs budget is less than the above, as prior to 2020/21, the Forum agreed in successive years to transfer 0.5% of the schools block (equating to £0.6m) to high needs. This ceased after 2019/20. In addition, around £0.5m of the 2021/22 increase arose from moving teachers pay grants to within DSG, so was not net new money. Nonetheless, the significant increases in funding in recent years is clear.
- 1.3 The DfE had previously indicated that future increases were likely to be on a lesser scale compared to recent years, with around 5% in 2023/24 and 3% thereafter. As can be seen above, this position has not been maintained, with the increase in 2023/24 being more than double this (and T&W's increase was around the national average).
- 1.4 The context of this is undoubtedly the inflationary pressures that have arisen. Much of this is general to the economy and all schools, but one factor that has a particularly significant impact upon high needs is the flat rate increase in local authority pay (including support staff in maintained schools) and living wage increases. High needs provision is heavily reliant upon support staff so the £1,925 flat rate increase in local authority pay in 2022/23 (with a similar pay offer for 2023/24) and living wage increases is adding several £million of pressure to high needs costs in T&W.
- 1.5 It remains difficult to predict how high needs funding will move in coming years. The DfE have currently put a 'ring-fence' around DSG, such that local authorities do not have to treat deficits as a creditor in their overall accounts. Without this ring-fence, some authorities overall financial position would be in jeopardy. However the DfE have also stated that this ring-fence is only a temporary measure, intended to be removed once their intervention programmes, additional high needs funding and SEND policy changes have resulted in the financial position stabilising/improving.
- 1.6 From a T&W perspective, there appears to be an element of 'wishful thinking' in the above scenario. Locally we see no signs that high needs pressures are abating and little or no evidence has been published that suggests the DfE's intervention programmes in local authorities have had the desired financial impact.

- 1.7 The local authority therefore continues to perform a balancing act with high needs. In the context of the DSG position, we wish to take advantage of the opportunity to make investments that will improve high needs provision for our children and young people, whilst being mindful of the unavoidable pressures that will continue to require additional funding.

2 High Needs Pressures

- 2.1 In 2022/23 there was an increase in expenditure on specialist hubs with full year costs arising from the new or recent hubs. In addition the substantial net income that the authority used to receive as a result of more high needs pupils from outside T&W being in borough schools compared to vice versa has diminished over the last couple of years, as there is now a closer balance between imports and exports.
- 2.2 Expenditure on independent/residential schools for pupils with the most complex needs began to increase again in 2021/22 after a couple of years of relative stability and continued to increase in 2022/23. The year on year increase was £1.4m. In this area a small number of young people can make a substantial financial difference given the high cost of each placement.
- 2.3 Throughout high needs, most areas increased in cost in 2022/23, through a combination of more children and young people needing support and (in particular) the increase in the cost of providing this support in the context of inflationary pressure.

3 Plans and Proposals

Special School Funding

- 3.1 The number of places at special schools (which continue to be funded at £10,000 per place) is intended to remain similar to 2022/23. We are reviewing the top-up rates with special schools as individual schools are experiencing different financial pressures and a uniform increase may not reflect the cost pressures across different settings.

Specialist Provision Hubs

- 3.2 The first secondary hub opened at Telford Langley in 2022 and further development of another secondary hub is planned for Autumn Term 2023. This supplements the primary hub at Hollinswood and Old Park primary schools that opened in 2020. A further resource base opened at Newport Infants School in September 2022. These are intended to offer provision that bridges the gap between mainstream and special schools and relieve pressure on special school places. We intend to expand primary resource and hub provision for Early Years and Communication and interaction needs in the Autumn Term 2023.
- 3.3 Provision has also been open at Wrockwardine Wood Infants since September 2021 – this replaced accommodation that the Bridge had ‘borrowed’ from HLC and enabled the Bridge to continue to offer a similar number of places.

Alternative Provision

- 3.4 The local authority commissioned a review of alternative provision (AP) and SEMH provision in the Borough. Arising from this review, an alternative provision development fund pilot has been established providing £300,000 for secondary schools to develop provision, together with a sliding scale of repayment if pupils are then excluded. This is also in line with ambitions to move resources towards mainstream provision as identified in both the School White Paper and the SEND Green paper.

SEND Fairer Share funding

- 3.5 The authority has a 'Fairer Share' fund for SEN which was previously known as SEN contingency. The first part of this distributes £100,000 to schools with higher numbers of EHCPs than the school demographics would usually be associated with. A formula is used which ranks schools by deprivation, low prior attainment and EHCP hours (the first 15 of each EHCP only).
- 3.6 In 2020/21 the Fairer Share Fund was extended so that in schools could also apply for additional discretionary funding. £228,000 was distributed in 2022/23 as we seek to ensure that mainstream schools with excellent inclusionary practice feel properly financially supported.

Inclusive School Forum Funding

- 3.7 Several years ago the authority established an Inclusive School Forum which is a school led panel with the power to distribute funds for individual pupils. In 2022/23 these panels distributed £426,000, compared to £372,000 the previous year (and £225,000 in 2021/22). The majority of these funds flow to early years settings and primary schools and are part of the drive to promote early intervention in order to better support high needs.

Proposed future developments

- 3.8 During 2022/23 we held discussions with schools, settings and other stakeholders, on the creation of a unified banding system for SEND, extending across both mainstream and specialist provision. The context of this was that over recent years we have developed a banding system for special schools, but this has been changed independently from the EHCP banding system for mainstream schools, which has not been reviewed for some time. A theme of the authority's ambition for SEND is to have a more flexible system which reduces the mainstream/specialist divide and a unified banding system would promote this aim.
- 3.9 However, for the present have paused this initiative, in the context of the DfE's stated intention to develop a national banding system. We will keep schools informed of developments in this area.
- 3.10 We will explore expansion of specialist hubs to include further secondary places and consider alternative options to delivery whereby mainstream schools retain pupils on roll, where this is agreed. This will further support our inclusive approach and help to keep special schools place numbers stable.

- 3.11 To further complement the work of support services and in consultation with our special school partners we have expanded special school outreach work. There is ongoing work with The Bridge school, Severn Teaching School Alliance (STSA) and LSAT team on a Skills and Progression toolkit, initially for the early years. This supports our endeavours to meet children's special education needs in mainstream schools wherever that is possible.

Tim Davis
Group Accountant
May 2023