
Date of Meeting:	11 July 2022
Report Title:	Allocation of additional High Needs Dedicated Schools Grant Funding
Report of:	Deborah Woodcock, Director of Childrens Services
Report Reference No:	CF/53/22- 23
Ward(s) Affected:	All wards

1. Purpose of Report

- 1.1.** To approve the use of £1.8 million additional High Needs Grant provided by the Department for Education (DfE).

2. Executive Summary

- 2.1.** This paper sets out proposals for allocating the additional High Needs Grant of £1.8m.
- 2.2.** It is recommended that an element of the additional funding of £755,249 is centrally retained to contribute to the current overspend in year, £670,000 is invested in developing further mitigations to achieve sustainability in the future and £413,326 is allocated to settings.
- 2.3.** Details of the proposed use of the funding is provided in paragraphs 6.14 – 6.17.
- 2.4.** This enables committee to ensure that we have applied the DfE guidance to consider some increase in funding to settings but also recognises that we have already committed in year overspend on High Needs Budget by £16.3m as a result of the 2021/22 £25m overspend rolling forward and the pressures making that up continuing.
- 2.5.** Schools forum have been consulted on a draft set of proposals at their meeting of 16 June 2022 and made the following comments:
- 2.5.1.** They understood the high needs pressures being experienced and the reasons the council had been allocated additional high needs funding.

- 2.5.2.** There was support for the overall approach and in particular the invest to save proposals.
- 2.5.3.** However, they were concerned at plans for a 1% increase or one-off changes.
- 2.6.** The proposals being presented to committee have been updated to take account of their views.

3. Recommendations

- 3.1.** Committee to approve the allocation of the additional high needs funding as set out in 3.1.1 – 3.1.4 below.
 - 3.1.1.** Allocate £237,056 to maintained special schools, academy special schools, free special schools and the pupil referral unit (PRU).
 - 3.1.2.** Increase the budget for top up funding for education placements in independent special schools, non-maintained special schools, further education colleges and other local authority special schools by £176,270.
 - 3.1.3.** £670,000 to be used for additional support and invest to save proposals.
 - 3.1.4.** £755,249 to contribute to the current cost pressures of educational placements for our young people, both new and historic placements.

4. Reasons for Recommendations

- 4.1.** Full Council has already been sighted on the Dedicated Schools Grant (DSG) allocations for 2022/23 on 24 February 2022, Item number 65: Medium Term Financial Strategy 2022-2026, Appendix C (Page 76).
- 4.2.** The additional High Needs funding of £1.8m, which this report refers to is in addition to the DSG allocations previously reported.
- 4.3.** The council's overall High Needs DSG allocation for 2022/23 is made up of two elements:
 - 4.3.1.** The standard high needs block of £48.8m.
 - 4.3.2.** The additional high needs allocation of £1.8m.
- 4.4.** The autumn 2021 spending review confirmed an extra £1.6 billion of funding for schools and high needs, for the 2022/23 financial year, above the previous settlement for that year.
- 4.5.** This extra funding recognises the additional costs that local authorities and schools will face in the coming year, which were not foreseen when the

original high needs block allocations were calculated, including the Health and Social Care Levy, that will be applied through increased national insurance contributions from employers. The additional funding also takes into account that colleges and other providers offering extra hours of study for students with high needs may require extra high needs top – up funding to support those students.

- 4.6.** In the 2022/23 financial year, schools will be allocated £1.2 billion of this additional funding. This funding will be allocated through the schools supplementary grant 2022/23.
- 4.7.** School-level allocations will be published by the DfE in May 2022 and will show the total funding allocated for the 2022/23 financial year for each applicable phase of provision. Conditions of grant will be published alongside the school-level allocations.
- 4.8.** Funding to mainstream schools will be passported to these schools via the local authority for maintained and directly for academies and free schools. Cheshire East Council's allocation for the schools supplementary grant is £7.9 million.
- 4.9.** In addition to the schools supplementary grant, local authorities have been allocated £325 million additional high needs funding for 2022/23. This is on top of the dedicated schools grant high needs block allocations calculated under the national funding formula.
- 4.10.** Maintained special schools, special academies, pupil referral units and alternative provision academies are funded differently from mainstream schools, with the majority of their funding coming from the high needs block of the DSG.
- 4.11.** The differences in funding, and costs, for these schools mean that nationally setting supplementary per-pupil funding rates, as has been applied for the supplementary grant for mainstream schools, was not considered appropriate by the DfE.
- 4.12.** It is therefore for local authorities to decide how to allocate the additional funding to these schools, with the same flexibilities as they must deploy to the main DSG allocation of high needs funding.
- 4.13.** Paragraph 17 of the High needs funding: 2022 to 2023 operational guidance states that special schools should discuss with their local authority any increases as part of the top-up funding paid from authorities' high needs budgets.
- 4.14.** Nationally, the additional funding for high needs is an increase of 4% to the high needs' allocations announced in July 2021. It is expected, local authorities should be able to afford some increase to their top-up funding,

where that is required to meet the cost increases that schools and colleges are facing.

- 4.15. Cheshire East Council's additional high needs funding is £1,838,575.
- 4.16. Cheshire East Council is already committing approximately £16.3m more than the budget available from the DfE. When combined with the £25.7m brought forward deficit the pressure for 2022/23 is forecast at £42m.
- 4.17. This report details the recommendations for the use of the additional high needs funding.

5. Other Options Considered

- 5.1. Do nothing - centrally retain all the grant and offset against the current deficit position.
- 5.2. Increase all top up funding/rates to all providers by 4%.
- 5.3. The following tables sets out the impact and risks of each option

Option	Impact	Risk
Do nothing – centrally retain whole of the additional funding	£1.8 million will be offset against the deficit position	Relationships with schools and academies will weaken. Schools will not feel supported by the local authority. Schools will be at risk of reporting a deficit balance due to increased costs which they are facing Challenge from DfE as does not fulfil their guidance
Increase all top up funding / rates for all schools (local authority special schools (free, maintained, academy), Independent Special Schools, Non-maintained Special Schools and Colleges	Schools see an increase in their funding, which is helping towards their increased costs. Current top up rates across settings are based on historic allocations with some schools paid considerably more than others. This would not address the differences and would commit the local authority to these increased rates.	Increasing all schools top up funding rates is making a commitment for now and future years. This will not be sustainable going forward given the DSG deficit position of £25.7m (at 31 March 2022). The Delivering Better Value Programme will require us to reduce costs to balance our budget.

6. Background

- 6.1.** Many local authorities are experiencing financial pressures from expenditure on pupils with special educational needs and disabilities (SEND) significantly exceeding the funding provided via the Dedicated Schools Grant (DSG) high needs block.
- 6.2.** The high needs block is one strand of the dedicated schools grant (DSG). This element of the DSG is primarily spent on securing suitable school and post 16 provision for children and young people in line with the 2014 code of practice.
- 6.3.** The council has a legal duty to meet the needs of children with SEND under the Children and Families Act 2014.
- 6.4.** The council is facing increasing levels of pressure from expenditure on pupils with SEND. This exceeds the DfE's funding allocations and has led to the council's DSG reserve being in a deficit position of £25.7m as at 31 March 2022.
- 6.5.** Against the above context the local authority needs to make decisions on how to allocate and additional £1.8M High Needs Grant which has been allocated.
- 6.6.** It is important to recognise the additional costs schools are facing and to take note of Paragraph 17 of the High needs funding: 2022 to 2023 operational guidance issued by the Department for Education on how the additional funding may be used, which states "it is expected, local authorities should be able to afford some increase to their top-up funding, where that is required to meet the cost increases that schools and colleges are facing".
- 6.7.** The council already has a significant deficit and whilst a proactive approach has already been adopted through the high needs management plan which was approved by Cabinet in March 2021 this still forecasts a significant high Needs deficit.
- 6.8.** The DSG reserve is currently reporting a £25.7 million deficit position as at March 2022. Although there have been increases to the high needs element of the DSG, they have not been enough to keep up with the increase in demand.
- 6.9.** Cheshire East has been invited to be part of the Delivering Better Value (DBV) programme that was announced by the DfE in February 2022. The DBV programme is designed to provide dedicated support and funding to help 55 local authorities with substantial deficit issues in their high needs block of the DSG to reform their high needs systems, with the aim to put more local authorities on a more sustainable footing so that they are better placed to respond to the forthcoming special educational needs and / or disabilities (SEND) reforms.

- 6.10.** Any increases in rates will be locked into future allocations and therefore the committee needs to be aware that any increase will create ongoing commitments and pressure to the already significant overspend. It is therefore recommended that an element of the additional funding of £755,249 is centrally retained to contribute to the current overspend in year, £670,000 is invested in developing further mitigations to achieve sustainability in the future and £413,326 is allocated to settings.
- 6.11.** The investment proposals are longer term mitigations which will be feed in to the DSG Management Plan. An update of the plan is scheduled for committee in September 2022. We need to gain pace on addressing the deficit, the additional funding enables us to invest now to reduce further pressures.
- 6.12.** The intended use of the additional high needs funding is as follows:
- 6.12.1.** £237,056 / 12.9% to be directly allocated to local special schools and the PRU.
 - 6.12.2.** £176,270 / 9.6% to be allocated to the current budget for independent placements, non-maintained special schools, further education colleges and other local authority special schools.
 - 6.12.3.** £670,000 / 36.4% to be invested in further mitigations within the DSG management plan.
 - 6.12.4.** £755,249 / 41.1% to help reduce the current pressures on the deficit position.
- 6.13.** The following paragraphs set out further information for each of the above proposed allocations.
- 6.14. Allocate £237,056 direct to maintained special schools, academy special schools and free special schools and PRU**
- 6.14.1.** £69,408 to be allocated to facilitate a permanent increase to the high needs top up rate by 2% for two of our lowest funded special schools, Park Lane Special School and Springfield Special School, resulting in an increase from £12,042 to £12,283 top up per pupil.

It should be noted that both schools are expanding, therefore the cost will increase year on year as the expansions are completed. The additional cost of increased places at both of the schools has been accounted for within the DSG Management Plan.
 - 6.14.2.** The table below details the current top up funding rates in Cheshire East special schools:

Name of School	Current Top Up Funding Rate	Proposed Top Up Funding Rate
Springfield Community Special School	£12,042	£12,283
Park Lane Special School	£12,042	£12,283
Adelaide Special School	£17,588	£17,588 remain the same
Adelaide Heath Special School	£17,588	£17,588 remain the same
Axis Academy – KS1/2	£14,250	£14,250 remain the same
Axis Academy – KS3	£14,500	£14,500 remain the same
Axis Academy – KS4	£15,000	£15,000 remain the same
NAS Church Lawton Special School – Standard Pre 16	£26,094	£26,094 remain the same
NAS Church Lawton Special School – Enhanced Pre 16	£40,813	£40,813 remain the same
NAS Church Lawton Special School – Standard Post 16	£39,350	£39,350 remain the same
NAS Church Lawton Special School – Enhanced Post 16	£53,855	£53,855 remain the same

6.14.3. The table below details the cost of the overall increase of top up funding for both Springfield Special School and Park Lane Special School.

Special school	Number on roll: Oct21 census data (CEC residents)	Current Top up funding rate	Proposed top up funding rate	Increase	Overall increase based on number on roll: Oct 21 census data
Springfield Special School	193	£12,042	£12,283	£241	£46,513
Park Lane Special School	95	£12,042	£12,283	£241	£22,895
Total					£69,408

6.14.4. £152,288 to facilitate a lump sum payment to all Cheshire East special schools. This is not a permanent increase to their current high needs top up funding rate. The lump sum represents 2% of their current total top up funding committed for 1 year only.

6.14.5. The table below details the lump sum payment to each school.

Special school	Payment will be based on number on roll at Oct21 census data (CEC residents)	2% increase on total top up funding based on number on roll: Oct 21 census data
Springfield Special School	193	£46,513
Park Lane Special School	95	£22,895
Adelaide Special School	77	£24,924
Adelaide Heath Special School	49	£17,248
Axis Academy	44	£12,820
NAS Church Lawton Special School	47	£27,888
Total		£152,288

6.14.6. £15,360 to facilitate a lump sum payment to Oakfield Lodge School (PRU). This is not a permanent increase to their current high needs top up funding rate. The lump sum represents 2% of their current top up funding rate for the total number of places commissioned.

6.14.7. The table below details the lump sum payment to the PRU.

Pupil Referral Unit	Number of Places	2% increase on total top up funding based on total number of places
Oakfield Lodge	60	£15,360

6.15. Increase the budget for top up funding for education placements in Independent Special Schools, Non-maintained Special Schools, Further Education Colleges and other Local Authority Special Schools by £176,270.

6.15.1. The budget currently stands at £22.6 million. To increase the budget to help to elevate in year pressures. This will not be an automatic increase to rates but enable the service to consider payments in line with the DfE guidance.

6.15.2. We have informed independent schools that fee increases are not being accepted, however there may be the need for some exceptions based on the needs of individual children and young people. For example, we do not have control over other local authority special school top up funding rates.

6.16. £670,000 to be used for Additional Support and Invest to Save Proposals

6.16.1. £60,000 support for increased demand in our children who are Electively Educated at Home (EHE) and Educated Other Than at School (EOTAS)

6.16.2. £110,000 support in Specialist Services to meet the needs of children and young people

6.16.3. £500,000 to support pupils who have a SEN Support Plan with early intervention as proposed in the SEND green paper.

6.17. £755,249 to contribute to the current cost pressures of educational placements for our young people both new and historic placements.

6.17.1. This recognises that this council has already committed funding above its DFE allocation. The proposals outlined above fulfil the DfE guidance to consider increases to top-up funding.

7. Consultation and Engagement

- 7.1.** Schools forum have been consulted on a draft set of proposals at their meeting on 16 June 2022, at this point we were only considering a 1% lump sum payment to special schools and based on there feedback changes were made to the proposals now presented to committee. The feedback from Schools Forum is summarised as:
- 7.1.1.** They understood the high needs pressures being experienced and the reasons the council had been allocated additional high needs funding.
 - 7.1.2.** There was support for the overall approach and in particular the invest to save proposals and the need to offset the deficit with a proportion of the budget.
 - 7.1.3.** There were some concerns at the proposed 1% increase one off lump sum to special schools. (This has subsequently been increased to 2% with less held back in the independent and out of borough allocation)
- 7.2.** The proposals being presented to committee have been updated to take account of their views.

8. Implications

8.1. Legal

- 8.1.1.** The Secretary of State has power to provide 'financial assistance' for educational purposes under sections 14-18 of the Education Act 2002.
- 8.1.2.** The local authority currently receives funding for schools through the dedicated schools grant. The DSG is in 'four blocks' for different purposes one of which is the High Needs Block. The local authority has the statutory responsibility under the Schools and Early Years Finance Regulations for allocating this funding to schools and must consult with the Schools Forum and must have regard to DfE guidance: The national funding formulae for schools and high needs 2022 -2023 and early years funding 2022/23 as well as all additional relevant guidance including Guidance Schools Supplementary grant 2022 to 2023 :methodology (updated 25 May 2022) , Guidance Dedicated schools grant (DSG); 2022 to 2023 and High needs funding: 2022 to 2023 operational guidance.

8.2. Finance

- 8.2.1.** The council's 2022/23 High Needs DSG allocation is made up of two elements:
- 8.2.2.** The standard high needs block of £48m.
- 8.2.3.** The supplementary high needs allocation of £1.8m.

- 8.2.4.** The council is able to determine how that funding is used to meet the needs of children with SEND and most of the allocation is used on providing placements for children with and EHCP in settings with the remainder used for associated support functions such as the autism service in line with DfE guidance.
- 8.2.5.** The £1.8m has been announced separately and local authorities allowed to determine its use.
- 8.2.6.** One key issue facing the council is the current and predicted DSG Reserve deficit arising from high needs demand exceeding funding. This is forecast at £25.7m deficit as at 31st March 2022. This is being managed on the council's balance sheet through a temporary override introduced by the Department for Levelling Up, Housing and Communities.
- 8.2.7.** Given the uncertainty of the duration of the override and the potential implications of its removal the council needs to consider all options to reduce the deficit DSG reserve to manageable levels. This could be through invest to save type measures or direct use of any additional funding.
- 8.2.8.** The DfE have launched a Delivering Better Value Programme to help support local authorities to manage their high needs deficits and Cheshire East is expected to join that programme in 2022.

8.3. Policy

- 8.3.1.** The SEND Code of Practice sets out the statutory guidelines and policy for SEND. The SEND Review: Right support, right place, right time sets out proposed changes to policy which are open for consultation until 22 July 2022.
- 8.3.2.** This statutory code contains details of the legal requirements that the local authority, health bodies, schools and colleges must follow without exception to provide for those with special educational needs under part 3 of the Children and Families Act 2014.

The statutory duties include:

- the need to undertake a needs assessment where a child may have additional needs,
- to issue an education, health and care plan within 20 weeks where assessment provides evidence this is required to meet the assessed needs.
- the local authority must then secure an appropriate school place and must consult with parental preference.

8.4. Equality

- 8.4.1.** The SEND Code of Practice looks to ensure the assessed additional needs of children with special education needs are provided for to

enable them to reach agreed outcomes and therefore address inequality in outcomes.

8.5. Human Resources

8.5.1. There are no direct implications for human resources.

8.6. Risk Management

8.6.1. Despite our comprehensive current DSG management plan we are still forecasting a significant deficit. External support and access to evidence-based practice may help us to reduce this forecast further through additional capacity and invest to save funding.

8.6.2. Committee needs to consider all options to reduce the deficit DSG reserve to manageable levels. This could be through invest to save type measures or direct use of any additional funding to off-set the deficit.

8.6.3. If the committee does not support some increase in funding to education settings there could be reputational risk and relationships with setting could be negatively impacted.

8.7. Rural Communities

8.7.1. There are no direct implications for rural communities.

8.8. Children and Young People/Cared for Children

8.8.1. It is essential that the council makes best use of resources to ensure that children and young people receive the services they need and must be provided.

8.8.2. The council has approved its Children's Vision which contains a priority to support children with additional needs to achieve their aspirations.

8.9. Public Health

8.9.1. There are no direct implications for public health.

8.10. Climate Change

8.10.1. The mitigations in our DSG management plans that will have the greatest impact on reducing the deficit is the creation of additional local provision, whether that be through enhanced provision in mainstream or additional specialist schools.

Mitigations include proposals to increase local provision and therefore reduce the transport commitments and therefore emissions.

Access to Information	
Contact Officer:	Jacky Forster, Director of Education and Skills.
Background Papers:	<p>High Needs Funding: The following link should take you to the guidance for supplementary funding (paragraph 14)</p> <p>High needs funding: 2022 to 2023 operational guidance - GOV.UK (www.gov.uk)</p> <p>SEND Green Paper: The following link should take you to the full report and consultation response document</p> <p>https://www.gov.uk/government/consultations/send-review-right-support-right-place-right-time</p> <p>SEND Green Paper: The following link should take you to the summary document</p> <p>https://www.gov.uk/government/publications/send-and-ap-green-paper-responding-to-the-consultation/summary-of-the-send-review-right-support-right-place-right-time</p> <p>DSG Management Plan Cabinet Report from March 2021: The following link should take you to the report</p> <p>The Council's DSG Management Plan that was approved by Cabinet in March 2021 as item 95.</p> <p>Participation in department for Education, Delivering Better Value Programme: The following link should take you to the report:</p> <p>Decision report template (cheshireeast.gov.uk)</p> <p>Schools Forum Papers from 16 June 2022 – please see page 37:</p>

	https://www.cheshireeast.gov.uk/pdf/schools/schools-forum/2022-docs/2022-06-16-sf-meeting-agenda-and-papers.pdf
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