

## **High Needs Block Funding Allocation 2024/25**

### **Key Messages**

The Forum is asked to **note**:

- The overall arrangements and 2024/25 budget requirements for pupils and students with high needs.
- The increase in demand for provision for young people with special education needs and disabilities and the resultant pressure on the overall High Needs Block
- That the increased funding per place in special schools is in line with the High Needs Funding 2024/25 Operational Guidance.
- That the Sheffield Inclusion Centre's and Hospital and Home Education's allocations have also increased in line with the guidance.
- That the total resource allocation of £39,960k for special schools in 2024/25 is based on commissioned place numbers.
- That we have continued to use the funding formula, introduced last financial year, to distribute an increased sum of money to schools hosting integrated resources.
- That 339 (an increase of 48) integrated resource (IR) places have been funded at a total gross allocation of £5,616k.
- That Base Funding for integrated resources has been increased by 2%.
- A provision of £6m has been allocated to fund additional pupils requiring specialist provision across all age ranges and types of provision during the year.
- There is a continued investment in the localities budget of £1.5m transferred from the Schools Block as agreed by the December Schools Forum.
- The planned expenditure on Specialist Support Services.

### **1. High Needs Pupils and Students**

- 1.1 In line with the Special Educational Needs and Disabilities (SEND) reforms introduced in September 2014, the high needs funding system is designed to support a continuum of provision for pupils and students with special educational needs (SEN), learning difficulties and disabilities from their early years up to age 25.
- 1.2 High needs funding is intended to support the most appropriate provision for each individual taking account of parental and student choices, providing appropriate provision in a range of settings and avoiding perverse incentives. It is also intended to fund good quality alternative provision for pupils who cannot receive their education in school.

- 1.3 The introduction of Education, Health, and Care Plans (EHCPs) in 2014 aimed to provide comprehensive support for young people in need. However, these reforms proved inadequate in coping with the rising demand for services. Factors such as population growth, improved condition detection, and longer life expectancy have contributed to a doubling of EHCPs and statements of special educational needs since 2015. Despite this significant increase, income has not kept pace, and there is a strong likelihood that in 2024/25, our expenditure on the High Needs block will surpass the available resources.
- 1.4 There continues to be a growing increase in demand for special school places and children with SEND. The funding provided by the Education and Skills Funding Agency (ESFA) to support these activities over the years has not kept pace with the increase in demand. The High Needs National Funding Formula (HNNFF) developed by ESFA suggests that based on the current demographics and profile of Sheffield pupils, our High Needs Block in 2024/25 should be £3.7m higher than our actual allocation. While the long-term outlook is that our income on high needs should increase, the challenge remains that we have very significant pressures now with spending exceeding available resources.
- 1.5 Pupils and students supported by high needs funding include:
- Pupils aged from birth to 19 with high levels of SEND in schools, academies or other settings.
  - Those aged 19-25 with SEND in further education who have an EHC Plan.
  - School-aged pupils placed in alternative provision such as a Pupil Referral Unit (PRU).
- 1.6 Extensive work has been undertaken to review the current provision in the city, identifying gaps in provision and contributing to our Inclusion Strategy. This work is ongoing.

## **2. Places to be Funded for 2024/25 in Special Schools and Integrated Resources (IRs)**

- 2.1 The High Needs Operational Guide 2024/2025 recommends that the funding for special schools is increased against 2023/2024 levels at a rate between 0% and 0.5%. Sheffield is mindful of the cost pressures being faced by all our schools and has used an average of 2% inflation to add £438 to each special school place. This brings special school funding into line with the increases being experienced in mainstream schools.
- 2.2 A significant proportion of our special schools are delivering provision from multiple sites and work has been undertaken with the working group to identify the additional cost pressures. For 2024/2025 priority has been given

to ensure that all of our special schools receive inflationary increases. Following discussion at the working group, and to demonstrate the intention to develop a split site formula for our special schools in future years, £50k has been included in the budget for those schools operating on more than one site.

- 2.3 The number of places in special schools has followed the trend in the previous years and continued to rise in-year. For this February meeting of the Schools Forum, we are issuing budgets for the commissioned numbers of pupils in our special schools and IRs. A provision of £6m has been identified to fund additional specialist pre and post-16 provision.
- 2.4 It is recommended that funding for IRs will be distributed using the funding formula approved for last financial year. As the top-up funding is now based on the per pupil funding in the mainstream formula, it has automatically increased. The base funding of £10k has been reviewed again for 2024/25 and it is recommended that the base funding increase by 2% to £10,568.
- 2.5 The number of IRs has risen from 291 in 2023/2024 to 343 in 2024/2025. In line with the strategy for IRs, up to 114 places are planned to be opened during the financial year with a part year cost of £840k. Provision has been made for this growth.
- 2.6 IRs are funded through a combination of funding from the Schools Block and High Needs Block. The table below shows the funding block break-down for IRs.

	£'000s
High Needs Block	4,239
School Block	1,377
<b>Total IR budget</b>	<b>5,616</b>

- 2.7 The breakdown of the places in each school is shown in Appendices 1 and 2 (Special and IR Numbers).
- 2.8 The table below shows the total funding being committed for specialist places in special schools, IRs and additional provision.

	2023/24 £'000s	2024/25 £'000s	Variance £'000s
Special Schools	36,126	39,960	3,834
Integrated Resources	4,625	5,616	991
Provision for additional places	2,500	6,000	3,500
	<b>43,251</b>	<b>51,576</b>	<b>8,325</b>

- 2.9 We are proposing that the Forum notes the resource allocation of £51.6m for 2024/25.
- 2.10 As was the case last year, in addition to the commissioned placements, there are further pupils whose parents have indicated a preference for a special school placement. We will continue working with special schools, mainstream schools and parents/carers over the coming months to prepare these pupils through supported and tailored transition planning and facilitating joint planning between current and new schools.
- 2.11 We will also continue to develop and provide outreach and emotional wellbeing services. Our moderated decision-making on placements – through the EHC Placement Panel – has ensured that all decisions to name mainstream schools are compatible with provision and that schools and academies should be providing for pupils with a range of SEN. The SEND Code of Practice operates on a presumption for mainstream education, and our Inclusion Strategy aims to develop capacity, skills and competence in mainstream settings in line with national policy and the statutory guidance.
- 2.12 The increase in demand for special education provision has been underpinned by a combination of key factors including population growth matched to increasing complexity. We are continuing to progress a strategic review of provision and a business case to enable delivery of better support for pupils, drive shared accountability and effective demand management.

### **3. Mainstream Top-up**

- 3.1 The Forum agreed to implement a locality model of distributing top-up funding in 2016/17. A proposal to progress this is being considered. Our investment in the localities model is expected to be just over £6m in 2024/25, with the intention to increase this funding further for the academic year 2024/2025. Further details are under development and will be shared with the Schools Forum in June 2024.

### **4. Funding for the Sheffield Inclusion Centre (SIC)**

- 4.1 The Sheffield Inclusion Centre (SIC) has a delegated budget and has its own Management Committee. The budget for 2024/25 has been increased in line with the special schools and IRs by 2%. During the academic year 2023/2024, the number of places at the SIC have continued to rise. We have agreed a funding package for the academic year 2023/2024 for 50 additional places, however we need to agree the funding for future years.
- 4.2 For the purpose of this paper, we have assumed that the funding for the additional 50 places will be at least the average funding level of £15,469, however we will continue to work with the Management Committee of the SIC to agree the future funding arrangements and report back to the Schools

Forum once the work is completed. The total budget for the SIC is set at £4.6m.

### **Sheffield Inclusion Centre 2024/2025**

	£'000s
Budget 2023/24 Budget	3,791
Inflation at 2%	75
<b>Sub-total</b>	<b>3,866</b>
Additional Funding for extra places - £15,469 x 50 places	773
<b>Total funding</b>	<b>4,639</b>

- 4.3 In addition to the above base budget, the SIC is also eligible for Pupil Premium funding and pupil-led funding for all in-year exclusion from excluding schools.

## **5. Funding for 16-24-year-old Students**

### **Post-16 High Needs Education ESFA Element 3 Top-up Funding – An Overview**

- 5.1 The funding of post-16 students with High Needs, based in Further Education (FE) colleges or Independent Specialist Providers (ISPs) and other settings, is markedly different to schools' pupil financing.
- 5.2 Sheffield City Council receives funding via the Government's Dedicated Schools Grant (DSG) to fund High Needs learners aged between 16 and 25, under rules prepared and managed by the Education and Skills Funding Agency (ESFA). This specifically relates to Element 3 funding, as noted below. These high needs learners are a subset of the wider group who have an Education, Health and Care Plan (EHCP). The EHCP is the legal document that states the provider in Section I and determines which further education colleges or institutions the local authority is statutorily obliged to contract with.
- 5.3 There are three levels of funding of a high needs student:
- **Element 1** (E1) is the study programme funding that providers are paid to educate each student, roughly averaging £5,200 per academic year and drawn down by the provider directly from the ESFA via their student data returns.
  - **Element 2** (E2) is the key level of support funding that covers any additional education support that is priced at £6,000 or above. An FE college or an ISP is usually allocated a specific number of high needs places it is likely to require in any given academic year and this is directly claimed from the ESFA when submitting student data returns. The setting will also usually generate the initial overall costing of providing the support to a learner with an EHCP,

and this is then validated. It can then request any agreed E3 funding above this threshold from the local authority. If a student requires anything under the £6,000 worth of additional support, then the provider will not be able to claim E2 and must fund this cost from existing resources.

- **Element 3** (E3) is known as the 'Top-Up' funding.

- 5.4 The distribution of this funding is a statutory duty placed on local authorities. Sheffield City Council is obliged to pass on the Element 3 funding on behalf of the ESFA to those eligible FE providers. In the 2022-23 academic year, the total Element 3 funding allocated was over £3 million.
- 5.5 The local authority has the delegated responsibility for managing and distributing the E3 through its standard contracting and commissioning frameworks. The process is auditable and under current contracting arrangements as in previous years, a waiver is in place to ensure funding can be allocated under contract to those eligible FE colleges or institutions for the 2023-24 academic year. As this funding will be continued to be allocated in this manner for the foreseeable future, a longer-term waiver covering multiple academic years, or a possible constitutional amendment is being investigated with Sheffield City Council Commercial Services that will allow a seamless contracting process in future academic years.
- 5.6 An allocation of **£3.8m** from the High Needs Block has been made for post-16 place provision delivered through Longley Park, Sheffield College and Sheaf Training.

## **6. Specialist Support Services**

- 6.1 The following specialist support services, including those for pupils with sensory impairments, or tuition for pupils not able to attend school for medical or other reasons are also funded from the High Needs Block/Early Years Block. Also included are the costs of independent and out-of-city places.

	<b>2024/25 £'000s</b>
Out of City – Special schools	1,421
Independent Placements (pre-16)	8,056
Independent Placements (post-16)	3,523
Post-16 SEN - colleges and other	3,401
Post 16 Direct Deductions by ESFA	3,770
Home and Hospital	1,479
Children With Disabilities	1,781
SEN Places Growth Fund	6,066
SEN Transport	4,069
EHCP Top-ups (including localities)	6,914
Vision Support	1,162
Autism	682
Hearing Impaired	2,357
Early Years SEND and Inclusion Support	957
Exclusion Prevention	1,660
Virtual School	511
Inclusion and attendance	1,229
Early Help Services	409
Elective Home Education	189
Vulnerable Groups	135
Children missing Education	336
Extended Curriculum	191
Children Involvement Team	212
VSP Delivery	111
<b>Total</b>	<b>50,397</b>

## 7. Recommendations

The Schools Forum is asked to **note**:

- The overall arrangements and 2024/25 budget requirements for pupils and students with high needs.
- The 2% Minimum Funding Guarantee (MFG) for special schools, integrated resources and the Sheffield Inclusion Centre against the financial year 2023/2024.
- The £6m provision being made for growth in the specialist sector, including additional places in special schools from September, pre and post-16 growth in places.
- The continuation of the £1.5m transfer from the Schools Block to locality funding.