



REPORT TITLE: Education Health and Care Plan Funding – 2024/25

Dates between which decision will be taken	Earliest date: 8 May 2024 Latest date: 15 August 2024
Cabinet Member	Cllr Philip Robinson, Cabinet Member for Education, Skills and Bus Transport
Key Decision	Yes
Purpose of Report	To seek approval to implement an inflationary increase of 3% to Education Health and Care Plans top ups for the financial year 2024/25
Recommendations	To approve a 3% increase to Education Health and Care Plan top-up funding, at an estimated cost to the Dedicated Schools Grant of £1.3m in 2024/25.
Reasons for Recommendations	<p>There is no national guidance from the Department for Education or the Education Skills Funding Agency on annual increases to Education Health Care Plan funding.</p> <p>The proposed 3% uplift was discussed and supported at the School's Forum meeting of the 18th March 2024. This increase is important to ensure that schools and early years settings are able to meet the rising costs (particularly staff costs) associated with the delivery of statutory Education Health and Care plans. Not providing this increase will result in a reduction of provision or the breakdown of the school placement for a child or young person and the need to commission a higher cost specialist or independent specialist place. The Schools' Forum role is advisory in relation to High Needs Block expenditure and as such a formal decision by the local authority is required.</p>
Resource Implications	<p>The estimated cost of a 3% uplift to top-up funding is £1.3m. This will vary, however, dependent on the number of Education Health and Care Plans that are being supported.</p> <p>Funding is delivered through the Dedicated Schools Grant, which is, at the end of 2023/24, £45.750m in deficit and expected to be a further £23.583m in deficit in 2024/25</p> <p>This decision to increase top-up funding is part of the £23.583 in-year deficit and, as such is increasing the position from and underlying overspend of £22.283m.</p> <p>The rising DSG deficit is currently subsidised by the Local Authority, despite it being a central government grant to deliver statutory demand-led services. This is an issue that is replicated in at least, 90 local authorities across the country.</p> <p>The DfE are implementing a range of intervention and reform programmes to try and deliver a more sustainable SEND system, however at this stage it remains unclear on how legacy deficits will be treated in future. Through the DfE's Safety Valve Programme there is precedent being set for a joint accountability between the local authority and the DfE to treat legacy deficits, however, the 38 local authorities in the programme, all have bespoke agreements in place.</p>

Background Documents	Schools Forum Report – March 2024 Schools Forum Minutes – March 2024 Dedicated Schools Grant Allocations and guidance High Needs Funding Formula – Technical Note High Needs Block Funding Arrangements 2023/24
Statutory Authority	SEND Code of Practice 2015 Schools Forum Operational Guide High Needs Operational Guide – 2024/25
Divisional Councillor(s)	All
Officer	Any representations should be sent to: Name: Phil Haslett Tel. no: 07812 536814 Email: Philip.Haslett@gloucestershire.gov.uk By 5pm on 31 July 2024
Timeline	

Background

1. Local Education Funding is predominantly delivered through the Dedicated Schools Grant (DSG), which is structured in four blocks:
 - a. The Schools Block which funds mainstream primary and secondary schools
 - b. The High Needs Block which funds provision and support for children with additional needs, predominantly, but not exclusively Special Education Needs and Disabilities (SEND).
 - c. The Early Years Block which funds the early year entitlements for families across the county.
 - d. The Central Services Block which funds some of the core local education services.
2. More details about the DSG, including the allocations for 2024/25 and the technical guidance, can be found in the background documents. The full local DSG allocation for 2024/25 and a comparison to 2023/24 is shown in fig.1 below.

Fig.1

2024/25 DSG Block Summary Comparison to 2023/24	Schools	High Needs	Central Services	Early Years	Total
	£m	£m	£m	£m	£m
23/24 Gross DSG (as at December 23)	455.425	93.232	3.077	37.829	589.563
23/24 Mainstream Schools Additional Grant (MSAG)	15.296				15.296
23/24 DSG & MSAG	470.721	93.232	3.077	37.829	604.859
24/25 DSG Announced 19th December 2023	483.795	96.810	3.221	61.072	644.898
Change	13.074	3.578	0.144	23.243	40.039
% Change	2.8%	3.8%	4.7%	61.4%	6.6%

3. The DSG is allocated by the Department for Education (DfE) and the Education Skills Funding Agency (ESFA) using a series of funding formulas.

4. Core mainstream funding for primary and secondary schools is prescribed through the National Funding Formula (NFF) and, as such, the Schools Block is funded at appropriate levels to enable the delivery of the NFF for all mainstream schools. Inflationary adjustments to the NFF are set out each year by the DfE and ESFA and rolled out nationally, with no local decision making involved. In 2024/25 the factors in the NFF have increased by between 1.4% and 2.2% and the overall funding levels by 2.8%.
5. The High Needs Block is distributed to local authorities using a formula set out by the DfE and ESFA. The technical note (background documents), which details how funding is calculated, using a mix of basic entitlements; historic funding levels; and need/demographic led factors. The local Schools Forum and Local Authority has much greater flexibility to utilise the High Needs Block to respond to local demand and pressures. A key part of this flexibility is the local top-up rates that are provided to support Education Health Care Plans (EHCPs).
6. In 2023/24, the DfE set out expectations that local authorities would provide an additional 3.4% for both place funding for specialist provision and top-up funding for all EHCPs. They also applied a 3% uplift to the Minimum Funding Guarantee (MFG) using 2021/22 as a baseline. These prescriptive measures were unusual and were done to address concerns that some local authorities had not utilised the additional funding received in the High Needs block to support cost pressures for providers. The detailed guidance for 2023/24 can be reviewed in the background documents.
7. In 2024/25 the DfE guidance is less prescriptive. There remains a requirement for local authorities to continue paying the additional 3.4% funding that was delivered in 2023/24. However, the MFG has been set back to 0%-0.5% and there isn't a specific requirement to increase top-up funding by a nationally agreed percentage. In summary, this protects funding at broadly the same levels as 2023/24. However, In Section 17.1 of the funding guidance the ESFA set the expectation that the local authority will use additional funding received to provide an increase to top-up funding.
8. In exploring how much top-up funding should increase in 2024/25, we have considered:
 - a. The delivery of high-quality education and support for children with SEND.
 - b. The uplifts applied to mainstream funding through the Schools Block in 2024/25 (overall 2.8%).
 - c. The guidance provided by the DfE in 2023/24, which set the High Needs MFG at 3%.
 - d. A less favourable increase in High Needs block funding for the 2024/25 (3.8% increase compared to 10.4% in 2023/24) and the current cumulative deficit position on the DSG of £45.750m
 - e. Cost pressures faced by the education system. There is a low level of school funding which makes it difficult for schools to absorb inflationary costs of EHCP support.
9. Considering all these factors, the Local Authority presented a recommendation of a 3% uplift to EHCP funding for 2024/25. The minutes from the Schools Forum meeting of the 18th March show support for this recommendation, which would utilise around £1.3m of the additional £3.578m received from the DfE.
10. This proposed uplift will ensure that increases in SEND funding are broadly in line with the increases in mainstream school funding for all pupils.

Options

11. Despite the support from Schools Forum for the 3% top up, there remain three options available to the local authority. These are:

- Option 1: Increase top-up funding by 3% in line with the advice from the Schools Forum.
- Option 2: Increase top-up funding by less than the originally proposed 3%.
- Option 3: Write to the DfE to seek an exemption from the guidance to increase top-up funding, on the basis that it is unaffordable within the current grant allocation.

Risks

12. A failure to increase top-up funding could result in education providers being unable to meet the needs of children and young people with an EHCP, resulting in a failure to deliver our statutory obligations set out in the SEND Code of Practice. This could also result in the placement of children and young people with EHCPs in higher cost specialist placements, negating the financial savings of a top-up rate freeze.
13. Applying a lesser increase is likely to be perceived by schools as a reduction in SEND funding, which will also significantly affect the relationship that the Local Authority has with the local school system, school leaders, teachers; and support staff across the county. This is at a time when we are needing to work in partnership to respond to the areas of improvement identified in the recent Local Area SEND inspection.

Financial implications

14. The total cost of the proposed uplift is £1.3m for 2024/25. This is part of an expected High Needs Block deficit of £23.583m in 2024/25 and builds on the existing DSG deficit of £45.750m.
15. The proposed uplift is in line with decisions made by the DfE and ESFA in 2023/24 and broadly in line with the inflationary increases to mainstream school funding.
16. Whilst there is an immediate cost to the uplift in top-ups, the potential impact of not increasing funding is significant. The average cost of supporting a child or young person with an EHCP to access a mainstream education is £7,706; for a maintained special school it is £22,676, and for an independent special school it is £61,208.
17. In not providing the right funding for children and young people in mainstream schools, the minimum additional cost for a specialist placement is £14,970, but given the pressure on maintained special school places, this could exceed £50,000 per placement. As such it would only need a situation where mainstream schools were unable to meet the needs of around 26 children before the savings generated by not applying this uplift were lost. There are currently over 3,000 children and young people with EHCPs supported in mainstream education, so a 1% movement would cost £1.5m.

Climate Change and Ecological implications

16. Has the Climate Impact Assessment Tool (CIAT) been completed? No
17. Has an Ecological Impact Assessment (EclA) been produced, or will one be undertaken at a later stage? No

18. This decision is purely related to an increase in funding levels for Education Health and Care plans and has no climate or ecological implications.

Equality implications

19. Has an Equalities Impact Assessment (EqIA) been completed? Yes

20. Cabinet Members should read and consider the Equalities Impact Assessment to satisfy themselves as decision makers that due regard has been given.

Data Protection Impact Assessment (DPIA) implications

21. A Data Protection Impact Assessment Checklist has been completed and, as no personal data processing is required for this piece of work, a DPIA is not a legal requirement'.

Social value implications

22. Ensuring effective high-quality education for all children and young people has an inherent social value, by preparing them for a successful transition into the workplace and adulthood. In relation to this decision, there is no measurable impact, but it is clear that supporting access to education for our most vulnerable children will have a positive social value implication.

Consultation feedback

23. The Schools Forum has been consulted on this proposal and has supported the proposed 3% uplift at their meeting of the 18th March 2024.

Officer recommendations

24. It is recommended that the proposed 3% uplift to top-up funding is approved. It is clear that this does not fully meet the inflationary pressures on education funding, but it is in line with decisions made by the DfE and ESFA in 2023/24 and broadly in line with the inflationary increases to mainstream school funding.

Performance management/follow-up

25. The impact of the funding will be monitored by the Schools Forum, reviewing both the average cost of EHCP placements and the progression into both specialist and independent specialist provision. This will inform decisions around future funding uplifts,