

ANNEX 6: SCHOOLS' BUDGET

- 6.1 The Dedicated Schools Grant (DSG) is a specific ring-fenced grant received by local authorities to fund schools and central expenditure supporting the school's budget. The grant also includes a High Needs Block, to fund pupils with special educational needs and Early Years Block for two, three and four year olds in nursery and associated provision.
- 6.2 The settlement for 2023/24 increased the DSG by **£48.7m** (6.7%) to **£775.8m**.

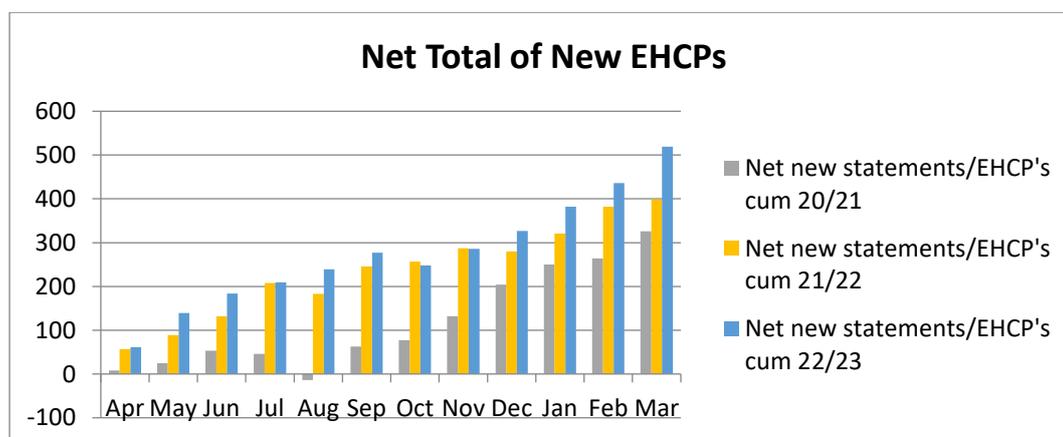
Item	2022/23 £m	2023/24 £m	Change £m	Change %
Schools Block	553.984	587.079	33.095	5.97
High Needs Block	112.052	124.113	12.061	10.76
Early Years Block	54.321	57.620	3.299	6.07
Central School Services Block	6.758	7.005	0.247	3.65
Total	727.115	775.817	48.702	6.70

- 6.3 Funding pressures affecting the High Needs Block within the DSG have continued to grow since the implementation of the Children and Families Act 2014. This has increased requests for:
- Education Health and Care Needs Assessments (EHCNAs);
 - pre-16 specialist placements (special schools, Special Support Centres (SSCs) and Independent and Non-Maintained Special Schools (INMSS));
 - post-16 High Needs placements in special schools, colleges of Further Education or Independent Specialist Providers (ISP); and
 - personal budgets and exceptional needs expenditure to meet very complex needs.
- 6.4 Back in March 2015 there were 3,423 children and young people with EHCPs, and since that time those numbers have risen to 6,510 in March 2022 – an increase of 3,087 (90.2%). During 2022/23 this number rose by a further 519 to 7,029.

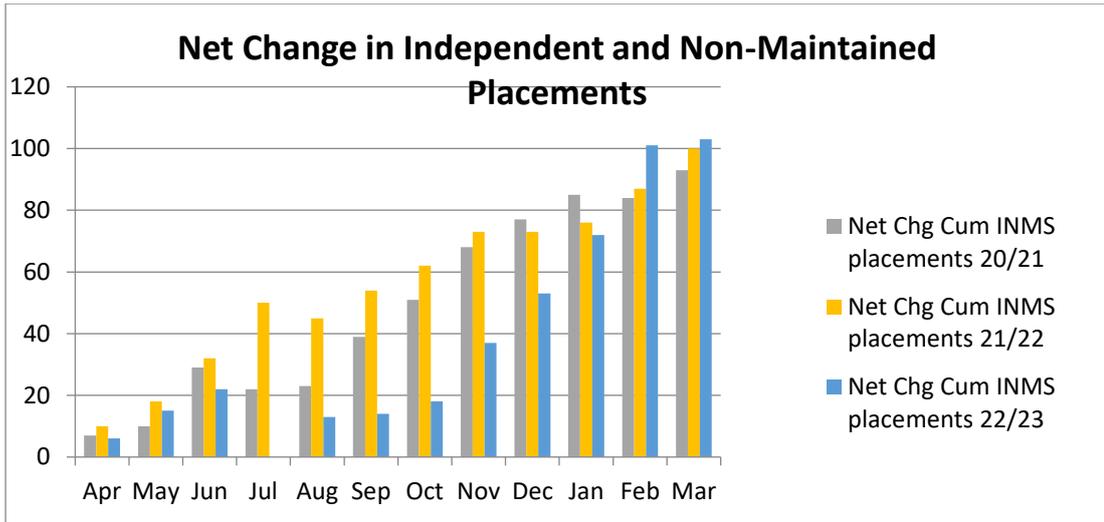
Number of EHCPs	Mar 22 No	Mar 22 %	Mar 23 No	Mar 23 %	Change No	Change %
Mainstream	1,988	30.5	2,129	30.2	141	7.1
SSCs	357	5.5	354	5.0	-3	-0.8

Special Schools	1,916	29.4	1,947	27.8	31	1.6
INMS	715	11.0	818	11.6	103	14.4
Post School	1,215	18.7	1,327	18.9	112	9.2
Early Years	36	0.6	19	0.3	-17	-47.2
Alternative Provision	16	0.2	20	0.3	4	25.0
Other	267	4.1	415	5.9	148	55.4
Total EHCPs	6,510	100.0	7,029	100.0	519	8.0

- 6.5 The net growth in the number of pupils with an EHCP has continued to grow at a faster rate since the Covid pandemic in 2020, and the 519 increase over the last year is on a par with the level of annual growth in 2019/20 (518).

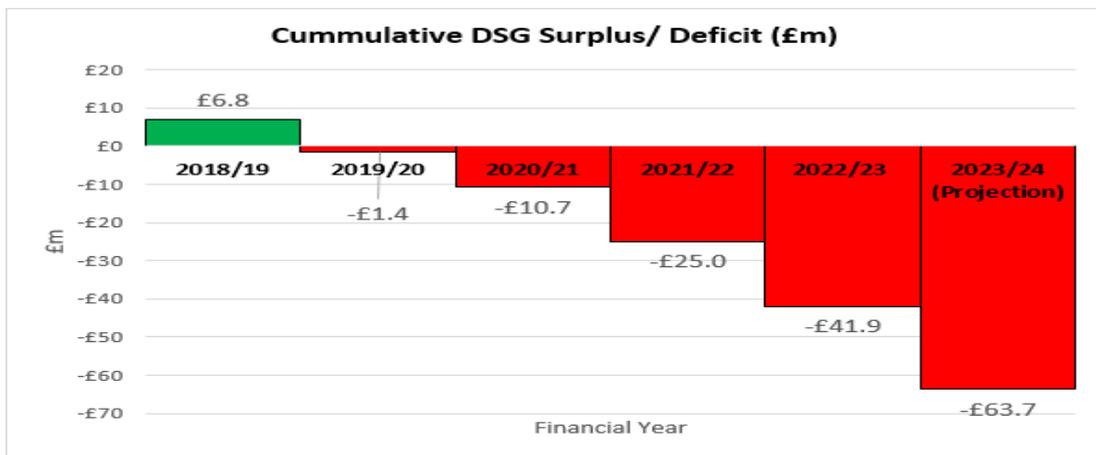


- 6.6 The Council is expecting overall EHCP numbers to continue to rise sharply as the backlog of ECHNAs is currently in excess of 400, predominately as a result of resourcing issues within the Educational Psychology Service. Whilst ways of reducing this number are currently being investigated, it is currently anticipated that this backlog will continue to increase in the short term.
- 6.7 Although total EHCP numbers went up by 8.0% last year, the number of pupils in Independent and Non-maintained Sector (INMS) settings, in particular has continued to rise at a much higher rate (14.4%). These placements are the most expensive (at an average cost of £50k per annum) and have increased by 296 from 522 to 818 over the last 3 years.



6.8 The continued growth in the number of INMS placements has meant that these placements now total 11.1% of the total number of pupils with an EHCP, compared to the rate of 8.8% back in March 2020. This has meant that although EHCP pupil numbers have increased by 8% year on year, high needs expenditure has been increasing at a much higher rate.

6.9 The County Council’s DSG reserve went into deficit for the first time at the end of 2019/20 and has grown each year since. At the end of 2022/23 this deficit stood at £41.9m, and with continuing pressure on the high needs budget this deficit is expected to reach £63.7m by the end of 2023/24.



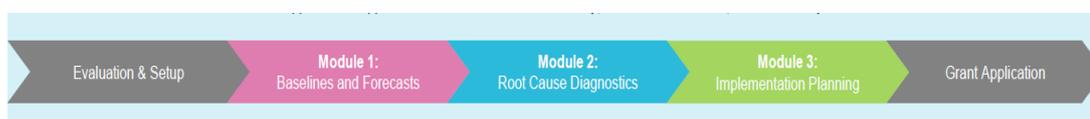
6.10 The Government has confirmed that the statutory override for this deficit to remain off the County Council’s balance sheet will continue for a further three years but with increasing pressures in this area within West Sussex and across the country means there remains much uncertainty and financial risk beyond 2025/26. The County Council would not be in a position to fund either the deficit or the in-year spending pressures without compromising its financial sustainability.

6.11 West Sussex County Council is part of the next tranche of the Delivering Better Value initiative by the Department for Education (DfE). Delivering Better Value (DBV) is defined by the DfE as “a programme working to

identify and implement local and national opportunities to improve the outcomes for children and young people with SEND” and is designed to deliver the following support:

- Short term help – to identify sustainable changes in each local authority that can drive high quality outcomes and provide support in building an evidence-based grant application to assist with the implementation of these changes; and
- Informing longer term reform – build an objective evidence base across a third of the sector which can be used to inform future policy and reform, share best practice and inform future national programmes of similar scale and intent.

6.12 The DBV programme is being delivered over a 6-month period through a modular approach to ensure a structured and complete review and planning process. An overview of the modules is detailed below.



6.13 The methodology utilised by DBV uses data to focus on high impact areas. The initial findings from module 1 can be summarised as follows

- Main areas of expenditure are INMSS, Special Schools and Mainstream support.
- Low proportion of growth in pupils with an EHCP occurring in mainstream schools.
- Average annual cost of an EHCP is increasing, as the proportion of pupils with an EHCP within mainstream decreases and those within INMSS increases.

6.14 Further data regarding these initial findings has been collated and analysed over the last couple of months as part of the 'Module 2-Root Cause Diagnostics'.

6.15 The programme is currently now in 'Module 3 – Implementation Planning' and the County Council is currently putting together its overall findings and proposed mitigation actions in order to report back to the DfE and apply for a £1m grant in order to help with the implementation of the mitigations. The final report and supporting grant claim should be completed in the next month.

6.16 In addition to this, and in order to make the step change required to recover from the increasing deficit in the High Needs DSG Block, capital investment is also required to continue making adaptations in mainstream schools to accommodate a wider variety of needs and to increase the number of specialist school places within the county. This will enhance the choices for children with special educational needs. Proposals for the 2024/25 capital programme will be considered over the summer months and initial recommendations will be presented to Cabinet in the Autumn

ahead of the final Capital Programme being presented for approval in February 2024.