



Report to:	Schools Forum
Date of Meeting(s):	20 October 2022
Subject:	High Needs Block Update
Report of:	Colette Dutton – Director Children and Families
Contact Officer:	Mark Rotheram Strategic Finance Manager Anthony Meehan Group Finance Manager
Summary:	To update Schools Forum on the indicative High Needs funding for 2023/24 and to provide the latest financial projections for 2022/23.
Recommendation(s):	To note the information in respect of 2023/24 High Needs funding, the current financial projections for 2022/23 and the ongoing actions to support recovery.
Implications:	
<i>What are the financial implications?</i>	Contained within the report
<i>What are the staffing implications?</i>	n/a
Risks:	n/a

Please list any appendices:-

Appendix 1 – Projected Outturn 2022/23

1. Introduction

- 1.1 The purpose of this report is to set out the funding arrangements and indicative funding for the High Needs block for 2023/24. The report also provides an update on the 2022/23 financial projections and the ongoing actions in relation to recovery of the High Needs deficit.

2. National Update – 2023/24 Funding

- 2.1 In 2022/23, Wigan received an overall increase on our High Needs block funding of c£6 million compared with 2021/22, which equates to around a 15% increase. 2022/23 funding totals £45.7m (before recoupment for High Needs places). This includes the supplementary grant funding which has been provided in 2022/23 and will be rolled into core funding from 2023/24. In 2023/24 high needs funding is to increase by £570m which equates to 6.3% nationally.
- 2.2 The structure of the National Funding Formula in 2023/24 has not changed from the 2022/23 High Needs NFF.
- 2.3 The formula includes a gains cap of 7% (11% in 2022/23 NFF). As in previous years Wigan continues to be at the gains cap, meaning that the amount of funding which would otherwise be awarded under the formula is reduced in view of the cap. Based on the 22/23 provisional allocation the cap is reducing funding by £0.640m.
- 2.4 The 2023/24 provisional High Needs Block Allocation is **£48,606,918**. Which represents an increase of c.£2.9 million on 2022/23.
- 2.5 Whilst funding continues to rise, the level of growth has reduced in 23/24 to c7%, compared with 15% in 2022/23 and 12% in 2021/22. The ESFA have previously advised that growth will further slow to around 3% in 2024/25 and 2025/26, despite demand for funding continuing to increase.
- 2.6 It should be noted, the conditions of grant for 2023/24 funding requires LA's to implement a 3% minimum funding guarantee comparing place and top up funding with 2021/22 baselines for special schools.

3. Local Position

- 3.1 Provided in the table below is a summary of Wigan's high needs block and cumulative deficit carried forward each year in recent financial years:

Year	High Needs Funding* (£m)	Cumulative Deficit C/Fwd (£m)
2018/19	28.902	0.600
2019/20	29.715	2.915
2020/21	34.846	3.512
2021/22	39.687	3.612

*Before recoupment for high needs places

- 3.2 As highlighted above we currently have a significant cumulative high needs deficit totalling £3.612m brought forward in to 2021/22. £2.3m of this deficit was generated in 2019/20 where year on year funding increases failed to keep pace with a sharp rise in demand.
- 3.3 Included at Appendix 1 of this report is the projected high needs position as at the end of this financial year, 2022/23. You will note that we are currently projecting an in-year underspend on high needs of £0.477m. This is due to the large year on year increase we have seen in funding this year. Whilst the in-year underspend is pleasing, the projected out-turn would represent an increase in expenditure of around 12.8% compared with the previous financial year.
- 3.4 The projections are based on the best available information at the current time, with contingencies included for further costs associated with additional placements, post 16 top up funding, EHCP growth and other funding requests. The final out-turn position is likely to change.
- 3.5 The key pressures in respect of the High Needs block are:
- **Independent Schools** – The number of students placed in costly independent schools continues to increase year on year due to demand for specialist places being in excess of the places available in the borough’s special schools. The cost of each placement has also increased over the last 12 months, due to the increasing complexity of the needs of the pupils. The projected out-turn indicates that spend has increased by over £1m in this area compared with the last financial year.
 - **EHC plans / Mainstream Top up** - Current data shows that the total number of EHCP’s across the borough has increased by 305 from September 2021 to September 2022 which represents a 13.8% increase. This in turn drives increased costs, with current projections indicating an increase in annual spend of around £0.900m.
 - **Special Schools Places** – The number of special school places from September 2022 has again increased significantly, with 37 additional places being funded, increasing numbers from 910 to 946.

As a result, the projected out-turn for 2022/23 shows a year on year increase in costs of c£1.5m. We are also seeing an increasing number of requests for additional funding from some special schools due to the complexity of the needs of some of their pupils.

- **Post 16 Provision** – We continue to see increases in Post 16 costs, which is reflective of the growth in pre-16 EHCP numbers as this flows through in to Post 16 provision.

- **Transport**

The increasing number of special school placements both internal and external and EHC plans is also having an adverse effect on the Council's transport budget. Home to School transport costs have increased by c. £1m per year compared with 5 years ago

- 4.6 The projected in-year underspend will reduce the cumulative High Needs deficit to c £3.1m. However, as demand continues to rise at a rate of around 13% to 14%, with funding increasing by 7% next year and then potentially only 3% in future years this creates a significant challenge in ensuring that the system is sustainable.

4. DSG Recovery Plans

- 4.1 The DSG Conditions of Grant states that the Local Authority should have in place a management plan to address any reported deficits. Whilst there is no requirement to routinely submit a recovery plan, the DfE can ask to review an LA's recovery plan at any point.
- 4.2 The Schools Forum High Needs sub-group has met regularly over the last 12 months, to consider data, recovery plans and projections in relation to the management plan. Work is ongoing to update information and to identify further mitigating actions to ensure in-year spend aligns with income in future years.
- 4.3 It is recommended that a further meeting of the sub-group is convened before the next full forum and then a report will be presented at the next meeting providing a summary of the data, mitigating actions and impact on projections.

5. Recommendations

- 5.1 Schools forum are asked to note the information in regards to the funding for next year and the current in-year projections.
- 5.2 It is recommended that a meeting of the High Needs sub-group is convened to consider the current position in more detail and ahead of a report on management/recovery plans being presented at the following meeting.

