



Report to: Schools Forum

Date of Meeting(s): 20 January 2022

Subject: Dedicated Schools Grant – High Needs Block Budget

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Summary: To update Schools Forum on the projected financial position of the High Needs block for 2021/22 and the High Needs budget for 2022/23.

Recommendation(s): To note the significant ongoing financial pressures projected in 2021/22.

To agree the high needs budget for 2022/23.

Implications:

*What are the **financial** implications?* Contained within the report

*What are the **staffing** implications?* N/A

Risks: N/A

Please list any appendices:-

Appendix 1 – Projected Out-turn 2021/22
Appendix 2 – High Needs budget for 2022/23

1. Introduction

1.1 Further to the report to Forum in October the government has now released the DSG allocations for 2022/23. Nationally, the ESFA have awarded additional funding of £780m for the High Needs Block of the Dedicated Schools Grant (DSG) in 2022/23.

1.2 The High Needs NFF for 2021-22 will have broadly the same factors as at present. Whilst the factors are largely unchanged it should be noted:

- **The funding floor** – this ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2022-23 this is to remain at 8.0%.
- **The limit on gains** – the limit on gains will be 11.0% compared to the baseline, so that authorities due to gain under the formula see an increase of up to 11.0% before their gains are capped. This has been reduced from 12% in 2021/22.
- **Historic Spend Factor** – the historic spend factor has been updated for 2022 to 2023, to use 50% of local authorities' actual spend in 2017 to 2018 rather than planned spend as previously used.
- The High Needs allocation for Wigan is £43.9m before any deductions by the ESFA in respect of academies and FE institutions, and £40.8m after deductions. This is an increase of £4.27m from 21/22 increase, including growth for increased high needs pupil numbers.
- With the publication of the DSG final allocations came further details of a supplementary grant which will be received in 2022/23 following on from the Government's commitment of an additional £1.6bn nationally in funding in 2022/23. An extra £1.67m has been allocated to Wigan via this grant. Further information is included in the report below.

2. High Needs Funding

2.1 The high needs funding block is a single block for local authority pupils and students aged 0 to 24, with high needs. Before any deductions are made, the block includes funding for pre-16 and post-16 places in:

- maintained mainstream schools (pre-16 places in special units and resourced provision and post-16 high needs places)
- maintained special schools (pre-16 and post-16 places)
- pupil referral units (PRUs)
- mainstream academies and free schools (pre-16 places in special units and resourced provision and post-16 high needs places)
- special academies (pre-16 and post-16 places)

- special free schools (pre-16 and post-16 places)
- alternative provision (AP) academies
- further education (FE) institutions and independent learning providers (ILP) (post-16 places only)
- AP free schools

In addition to the funding for places described above, the high needs block also includes top-up funding for pupils and students occupying the places in institution types listed above.

It also includes:

- top-up funding for pupils and students in special post-16 institutions (SPIs), and non-maintained special schools (NMSS)
- all funding for children and young people placed in independent schools, independent AP (unless the places are commissioned directly by schools) and hospital education (including hospital education for individual young people being educated in independent providers)
- funding for central high needs services and budgets

3. 2021/22 Projections

- 3.1 Further to previous reports there remains a significant pressure on this block of funding. At the Forum meeting in October 2021 we reported a projected cumulative overspend for 2021/22 of £4.098m. Whilst this projection has subsequently been reviewed it largely remains unchanged with just a small anticipated reduction bringing the current forecasted deficit as at the end of 2021/22 down to £4.049m. This represents an in-year overspend of £0.537m.
- 3.2 The position will continue to be monitored, however, the projected out-turn is subject to change. Appendix 1 of this report includes a further detailed breakdown of the projection by budget area. It should be noted that the budgets for Post 16 Funding and Independent School Provision were reduced from the actual projected spend for this year in order to balance the overall budget with the funding available.
- 3.3 As reported at the October meeting the key budget pressures continue to be:
 - Independent School Provision - increased costs and growth in pupil numbers.
 - Post 16 Funding – Significant increase in cohort in recent years.
 - EHC Plan top up funding – Continue to see significant growth in the number of EHCP's and associated top up funding.

- Special Schools (including Out of Borough) – Increasing pupils numbers and requests for additional funding due complexity of needs.

4. 2022/23 Budget

4.1 As highlighted in 1.2 above the total funding for 2022/23 is £43.9 million and £40.8m after deductions for high needs places in respect of academies and FE institutions. This represents the initial allocation that the Local Authority receive, however, the ESFA may adjust the allocation (after deductions) at points during the year to reflect changes in high need places and for the import/export adjustment for out of borough pupils.

4.2 Also, as noted in 1.2, the LA is to receive a further supplementary grant in 2022/23, which will be included in the baseline funding in future years. Allocations were published in December with Wigan due to receive a further £1.67m.

The extra funding has been provided in recognition of 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. This funding will need to be used to offset costs associated with the Health and Social Care Levy (NI Contributions), pay increases and also the cost of colleges and other providers offering extra hours of study to students with High Needs.

From this allocation the Local Authority is also seeking the agreement of forum to fund a new fixed term post (2 years) within the Council's SEND team which in turn will help with the delivery of the Council's SEND Priority Plan and help to deliver the efficiencies required to make Wigan's high needs system sustainable. Further information on this is included at section 5 of this report.

4.3 A re-charge is included within the budget for 50% of the projected deficit brought forward from 2021/22. It is recognised that even with increases in funding it would not be feasible to pay back the deficit in full in the next financial year. We are budgeting to re-pay £2.025m of the deficit in 2022/23, with the remaining deficit carried forward to 2023/24 (i.e. currently a further £2.025m deficit).

4.4 Presented in appendix 2 of this report is the proposed budget for 2022/23, together with a narrative outlining the assumptions made in setting the budget. It should be noted that the independent school and post 16 budget lines have been reduced from actual anticipated spend in order to balance the total budget back to the available High Needs funding.

4.5 Maintained special school budgets (including outreach) accounts for almost 50% of total High Needs budgeted spend. The proposed budget includes an uplift on special school top up funding of 3%, which is a significant increase compared with previous years (a 1% increase was applied in 2021/22). The

3% increase is intended to support special schools in meeting the additional costs associated with the Health and Social Care Levy and staff pay increases (for which mainstream schools are receiving a supplementary grant).

5. SEND Service Manager Proposal

- 5.1 As highlighted in 4.2 above, the Local Authority is seeking forum approval to fund a SEND service manager post on a fixed term basis for two years from the High Needs block. Whilst an uplift has been given to the high needs block from Government, no additional funding has been allocated to the LA to manage the capacity issues for processes and demand management.
- 5.2 The cost of the service manager post (on-costed) would be c£77,000 per annum, however, it is hoped that this investment will help to ensure that the SEND action plan/High Needs recovery plan is moved forward at pace ultimately generating efficiencies to create a sustainable high needs system in Wigan.
- 5.3 The LA have asked that the DfE consider extending a previous grant or to allocate a new grant to support LAs with growth and demand centrally. Should this become available then we may no longer require the additional investment and this will be reinvested back to high needs.
- 5.4 A new service manager will focus on the operational issues, managing the team, quality assuring practice and putting in appropriate challenge at school level and with families. The service lead can then focus on delivering the strategic work that will allow us to reduce demand for EHCPs and for specialist provision.

Demand as demonstrated has grown significantly and we anticipate this will continue. With pressures not only as described on the high needs block and support services, but also on the transport budget, Capital budget (as we continue to make our special schools bigger) and on quality of placements as local authorities are grappling for OOB places to ensure children are in provision.

This post is required for 2 years and will support the service lead to deliver a reduction in the deficit on the high needs budget and will bring in line the costs of the SEND team at the end of the 2 year period.

See Appendix 3 for detail

6. High Needs Recovery Plan

- 6.1 A high needs recovery plan was presented to the forum sub-group in November 2021. The group has requested some additional information and

the sub-group is due to meet again on 24th January 2022 to consider further details.

It is proposed that following this meeting a report will be brought to the next forum meeting together with Recovery Plan for review.

7. Recommendations

- 7.1 To note the financial pressures and projected deficit as set out in Appendix 1.
- 7.2 To agree the proposed budget as outlined in Appendix 2.
- 7.3 To approve the proposal to fund a fixed term SEND service manager post to support with the delivery of the SEND action plan and high needs savings.