



Report to: Schools Forum

Date of Meeting(s): 19 January 2023

Subject: Dedicated Schools Grant – High Needs Block Budget

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 projected financial position of the High Needs block for 2022/23 and the High Needs budget for 2023/24.

Recommendation(s): To note the financial projection for 2022/23.
To agree the high needs budget for 2023/24.
To note the information provided regarding the work with the High Needs forum sub-group and ongoing recovery planning.

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 2022/23
- Appendix 2 – Special School MFG/Bandings
- Appendix 3 – EBSA Report
- Appendix 4 – High Needs budget for 2023/24
- Appendix 5 – High Needs Recovery Plan progress
- Appendix 6 – High Needs Recovery Plan financial projections

1. Introduction

1.1 Further to the report to Forum in October the Government has now released the DSG allocations for 2023/24. Nationally, the ESFA have awarded additional funding of c.£570m for the High Needs Block of the Dedicated Schools Grant (DSG) in 2023/24. A further £400m has been allocated nationally as part of the High Needs Additional Grant, as announced in the Autumn Statement.

1.2 The High Needs NFF for 2023-24 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 2023-24 this is 5% prior to the High Needs Additional Grant.
- **The limit on gains** – the limit on gains will be 7% compared to the baseline, so that authorities due to gain under the formula see an increase of up to 7% before their gains are capped. This has been reduced from 11% in 2022/23, however, is prior to the additional funding being applied through the High Needs additional grant.

2. High Needs Funding

2.1 The 2023/24 High Needs allocation for Wigan is £48.7m before any deductions by the ESFA in respect of academies and FE institution place funding, and £45.4m after deductions. A further £2.08m has also been allocated through the High Needs additional grant and therefore the LA's total High Needs allocation is £50.79m (and £47.49m after deductions). This is an increase of £5.1m from 22/23 funding (11%), including growth for increased high needs pupil numbers.

2.2 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. 2022/23 Projections

- 3.1 Further to previous reports there remains a significant deficit on this block of funding, totalling £3.612m brought forward from 2021/22. Current projections as at the end of quarter 3 indicate an in-year underspend on High Needs of £0.419m, which would reduce the deficit position to £3.193m. Whilst the in-year underspend is pleasing, the projected out-turn would represent an increase in expenditure of around 13% compared with the previous financial year.
- 3.2 The position will continue to be monitored, however, the projected out-turn is likely 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.

4. 2023/24 Budget

- 4.1 As highlighted in 2.1 above the total funding for 2023/24 is £50.79m and £47.49m after deductions for high needs places in respect of academies and FE institutions. This figure includes the additional high needs grant funding and represents the initial allocation that the Local Authority will 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 The 2023/24 High Needs operational guidance requires all LA's to apply a 3% minimum funding guarantee (MFG) to funding for special school places compared with 2021/22 baselines. The 3% is to be applied to both place and top up funding. In 2022/23, in Wigan, a 3% uplift to top up funding was applied which goes some way to meeting the MFG requirement, however, a further uplift is required in 2023/24 to ensure the MFG is applied in full. **Appendix 2** of this report provides further details on the calculation of the MFG and the new top up bandings for special schools for 2023/24. Provision has been made within the budget for this increase in funding.
- 4.3 Furthermore, the High Needs guidance places a requirement on LA's to pass through a further 3.4% in additional funding for special schools and alternative provision academies based on average place costs in 2022/23 for special schools and on 2020/21 published income for alternative provision academies. Again, provision has been made in the budget for this funding which will be provided as a lump sum.
- 4.4 Included at **Appendix 3**, is a report requesting Schools Forum consideration of additional investment in our Engagement Centres to support the establishment of EBSA groups at the two centres. To be prudent, costs have been included in the draft budget for option 2 as set out in the paper, however, this will be amended depending on the outcome of Schools Forum's decision.
- 4.5 Presented in **Appendix 4** of this report is the proposed budget for 2023/24, together with a narrative outlining the assumptions made in setting the budget. The budget has been set based on the best available information at the current point in time and takes into account mitigating actions to deliver efficiencies. The budget includes a contribution of £0.550m to the historic high needs deficit.

5. High Needs Recovery Plan

- 5.1 In December the High Needs schools forum sub-group met to consider updates in regards recovery planning to address the high needs deficit. An

update on various workstreams was presented together with financial projections.

- 5.2 Included at Appendix 5 of this report is a summary of the progress report on the actions which was presented and at Appendix 6 is the financial projections. This has been updated to reflect the known funding position for 23/24 and impact on baselines for future funding calculations and projected spend for 23/24 has been revised to align with the proposed budget. It is anticipated that efficiencies will be largely driven by a reduction in the growth in demand as a result of a range of interventions and the creation of additional high needs places in borough.
- 5.3 At this stage, after mitigation, projections are still showing in-year deficits as growth in funding reduces to just 3% year on year from 24/25. There are a range of further actions/workstreams which are currently being explored with a view to creating further efficiencies to help ensure that our high needs system is sustainable. These include:
- Application for an AP free school with a focus on intervention places.
 - Creation of additional special school places in borough.
 - WLZ Partnership (as discussed at the November forum meeting)
 - Managed moves protocols
 - Additional resource provision negotiated
- 5.4 LA officers from SEND, Finance and Education Business Intelligence are due to undertake further work on the plans this term to further refine the plans and supporting information. This is then to be compiled in to the DfE's management plan template. The LA met with DfE representatives in December to discuss plans and projections and a further meeting is due to take place in the new financial year.

6. Recommendations

- 6.1 To note the financial pressures and projected deficit as set out in Appendix 1.
- 6.2 To consider and agree the proposal regarding EBSA groups at our Engagement Centres as outlined in appendix 3.
- 6.3 To agree the proposed budget as outlined in Appendix 4.
- 6.4 To note the information presented regarding recovery plans.