



Report to:	Schools Forum
Date of Meeting(s):	19th October 2023
Subject:	High Needs Block Update
Report of:	Colette Dutton – Director Children and Families
Contact Officer:	Mark Rotheram Strategic Finance Manager Kirsten Reid Group Finance Manager
Summary:	To update Schools Forum on the indicative High Needs funding for 2024/25 and to provide the latest financial projections for 2023/24.
Recommendation(s):	To note the information in respect of 2024/25 High Needs funding, the current financial projections for 2023/24 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 2023/24

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 2024/25. The report also provides an update on the 2023/24 financial projections and the ongoing actions in relation to recovery of the High Needs deficit.

2. National Update – 2024/25 Funding

2.1 In 2023/24 high needs funding used for allocations was £46.681m. This includes the additional funding allocation of £2m received in 2023/24. The structure of the National Funding Formula in 2024/25 has not changed from the prior year.

2.2 The table below sets out the breakdown of the 2023/24 and indicative 2024/25 high needs funding. Prior to the deduction for direct funding the increase in high needs funding is 4.4%. Factors for import/export and hospital education may be updated.

	High Needs Block 2023/24	High Needs Block 2024/25
Total high needs elements in funding floor	44,603,844	48,948,180
Additional allocation	2,077,305	0
Basic entitlement factor	4,782,331	4,782,024
Import/Export adjustment	-849,000	-873,000
Hospital Education, AP and Special teachers' pay/pension	177,343	178,544
Total HNB before deductions for direct funding of places	50,791,824	53,035,749

2.3 The 2024/25 provisional High Needs Block Allocation is currently shows an increase of c.£2.2m (2023/24 £2.9m) on 2022/23. This is 4.3% and matches the overall increase in funding nationally. The national high needs budget is now £10.54bn following the 2024/25 increase of £440m.

2.4 LA's will continue to receive the teachers pay additional grant for 2024/25 to be passed onto eligible AP and Special schools.

2.5 The funding floor factor in high needs for 2024/25 is 3% per head of 2 to 18-year-old population. Every LA will receive at least 3% more per head than they received in 2023/24.

2.6 There is a 5% limit on gains, based on per head of population using the 2023/24 funding baseline. Note this is the revised £46m amount.

- 2.7 It should be noted, the conditions of grant for 2023/24 funding requires LA's to implement a 0% to 0.5% minimum funding guarantee comparing place and top up funding with 2021/22 baselines for special schools.
- 2.8 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.

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
2022/23	40.808	3.071
2023/24	47.390	5.552 indicative

*Before recoument for high needs places

- 3.2 As highlighted above we currently have a significant cumulative high needs deficit totalling £3.071m brought forward in to 2023/24. £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. A similar hike in demand appears to be happening again in 2023/24.
- 3.3 Included at Appendix 1 of this report is the projected high needs position as at the end of this financial year, 2023/24. You will note that we are currently projecting an in-year overspend on high needs of £2.530m. This is due to the increased pressure on special school places leading to increased costs from independent schools and additional place funding. Local schools are also under pressure where pupils are delayed in moving into special school places. Thereby requesting increased EHCP funding or 121 funding. The projected out-turn would represent an increase in expenditure of around 18.8% (12.8% in 2023/24) 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 budget set for the financial year. At the start of September 2023 there were 162 (125 September 2022) pupils in independent schools.

- **EHC plans / Mainstream Top up** - Current data shows that the total number of EHCP's across the borough has increased to 1,103 in April 2023 up from 994 in April 2022. This in turn drives increased costs, with current projections indicating an increase in annual spend of around £0.965m over the budget.
- **Special Schools Places** – The number of special school places available this September has again increased significantly, with 66 additional places being funded, increasing numbers from 951 in April to 1,017 in September.
- **Post 16 Provision** – We continue to see increases in Post 16 costs, which is reflective of the growth in pre-16 EHCP numbers that 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 continue to increase.

3.6 The projected in-year overspend will increase the cumulative High Needs deficit to c £5.6m. Initial predictions assumed that the trend in high needs funding would be reduced in 2023/24 going from 14% in 2022/23 to 7% in 2023/24 and potentially only 3% in future years. The long term high needs forecast will need to be reviewed to determine if the trend in growth of demand will fall to match the declining percentage changes in funding. This will clarify the level of challenge to ensure that the system is sustainable in 2024/25 and future years.

4. Special Educational Needs and Disabilities and Alternative Provision Improvement Plan

4.1 Following from the published improvement plan on 2 March 2023 a roadmap is available setting out the timescales for the steps that will be taken over the next 2 years.

4.2 The plan aims to improve ordinarily available mainstream provision with the delivery of new national SEND and AP standards. It will also look at what

national standards say about the SEND provision that schools should make available. This will include designing a calculation of an indicative SEND budget per school. By the end of 2025 progress will have been made to introduce a national framework of banding and price tariffs.

5 DSG Recovery Plans

- 5.1 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.
- 5.2 The Schools Forum High Needs sub-group met regularly during 2022, 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.
- 5.3 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.

6. Recommendations

- 6.1 Schools forum are asked to note the information relating to the funding for next year and the current in-year projections.
- 6.2 Schools forum are requested to consider the transfer up to 0.5% from the schools block to the High Needs Block. The ability to transfer up to 0.5% is made without the need for disapplication and can assist LA's in balancing budgets especially given the pressures on high needs funding. If additional funding is not required, or the full 0.5% is not required then the percentage transferred can be reduced without recourse to Schools Forum.
- 6.3 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.