

Agenda Item 30

TITLE 2020/21 High Needs Block Budget & Improvement Programme Update

FOR CONSIDERATION BY Schools Forum on 4 March 2020

WARD (All Wards);

LEAD OFFICER Director of Children's Services - Carol Cammiss

OUTCOME / BENEFITS TO THE COMMUNITY

n/a

RECOMMENDATION

Schools Forum is asked to note and comment on the contents of the report.

SUMMARY OF REPORT

This report is to consult with Schools Forum on the 2020/21 High Needs Block Budget, and to provide an update on the longer term improvement programme associated with SEND services across Wokingham.

2020/21 High Needs Block Budget & Improvement Programme Update March 2020

.01 Purpose of the Report

This report is to consult with Schools Forum on the 2020/21 High Needs Block Budget, and to provide an update on the longer term improvement programme associated with SEND services across Wokingham.

.02 Recommendation

The Forum is asked to note and comment on the contents of this report.

.03 Background

High Needs Block funding provided to local authorities through the Dedicated Schools Grant (DSG) must be spent...

“in line with the associated conditions of the grant, and the School and Early Years Finance (England) Regulations. High needs funding is also provided directly to some institutions by the Education and Skills Funding Agency (ESFA).

The high needs funding system supports provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25, enabling both local authorities and providers to meet their statutory duties under the Children and Families Act 2014. High needs funding is also intended to support good quality Alternative Provision for pre-16 pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream or special schools. The high needs funding block provides local authorities with resources for place funding and top-up funding for institutions, and funding for high needs services delivered directly by the authority or under a separate funding agreement with institutions (including funding devolved to institutions), as permitted by regulations.”

Extract from Department for Education, High Needs Block Operational Guidance.

For 2019/20 Wokingham received £18.9m through the High Needs Block, which funds a range of settings providing support to children and young People with SEND.

Funding however has not kept pace with the number of children and young people in the borough who have an Education Health & Care Plan (EHCP) and as a result the HNB has been under increasing pressure. The projected in-year deficit on the HNB for 2019/20 is £1.7m (9%), with the anticipated cumulative deficit by 31st March 2020 currently £3.1m.

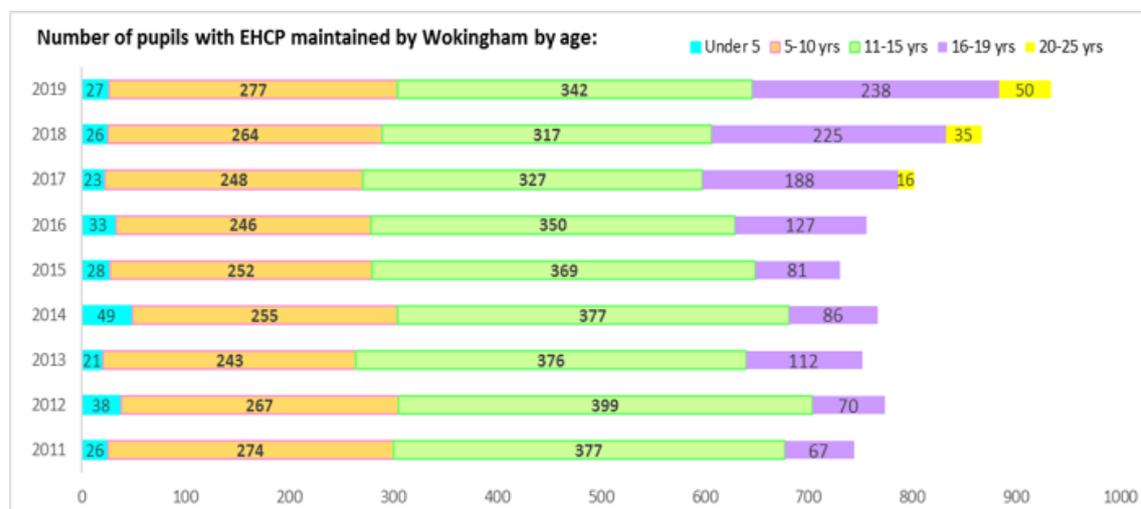
.04 High Needs Block Funding for 2020/21

In recognition of increasing pressures faced by local authorities in delivering SEND provision, additional funding was announced nationally for 2020/21. For Wokingham, this represents a £1.6m (8.6%) increase for the coming financial year which, while welcome, does not fully address the funding pressures faced locally in the face of increasing demand for services.

Appendix A provides further detail on the movement on factors underlying the net £1.6m increase.

.05 Children & Young People with SEND in Wokingham

The number of children and young people with an EHCP has risen significantly in recent years. While the main driver of this relates to the extension of duties brought about by the Children & Families Act 2014, this comes at a time when the local population is also on the increase.



There are several key contextual factors that affect WBC's ability to address the SEND agenda:

- Children and Families Act 2014 reforms with no increase in funding
- School funding pressures
- High prevalence of SEND in the population
- Housing growth - Wokingham has seen 4,784 new houses since 2015
- Migration of children into the borough with existing needs.

.06 Settings and Services Funded from the High Needs Block

The High Needs Block funds both place and top-up funding for a range of settings and services that support children and young people with SEND.

Ongoing work around the Improvement Programme informs financial modelling for both the coming financial year and a revised 5 year financial outlook.

While that work remains ongoing, initial assumptions have been made on the financial implications for the 2020/21 financial year. This will be kept under close review as work progresses.

Mainstream

Around 311 pupils in 58 local mainstream schools receive funding through the HNB to support their EHCPs.

Rates underpinning funding levels have not been reviewed for a number of years, and it is recognised that financial sustainability in this area is critical in supporting inclusion for local children and young people.

A review of funding for mainstream top-up arrangements will be undertaken during the 2020/21 financial year as part of the improvement programme underway. Figures reflect the continuation of current arrangements and will be updated as the work progresses.

Resource Bases

Around 60 pupils in 7 local resource bases receive funding through the HNB to support their EHCPs.

In September 2019 the LA implemented an interim funding model for resource bases for the 2019/20 financial year. The interim funding model acknowledged that the existing model was not fit for purpose, fair or transparent and the values had remained static since 2013/14 when they were first implemented.

The interim model was developed to enable time to complete a wider systemic review and develop a sustainable model of allocating high needs funding across specialist provision, alongside strengthening statutory and decision making process and sufficiency of provision going forward.

The key focus of the task and finish group has been to:

- Deliver a transparent and sustainable top up funding model implemented by April 2020
- Review and strengthen decision making processes such as SEN Panel to ensure robust decision making when allocating provision or resources as set out in the EHC Plan
- Service provision reviewed and shaped to meet local need including place number
- A clear service specification and scope with clear eligibility criteria, delivery and availability as well as defined levels of support services (eg therapy and EP)
- Service level agreements implemented with clear KPIs, outcomes data and regular performance management agreed

Activity and action taken September 2019 – February 2020

To date the LA has met individually with Resource Base providers to review provision being delivered, profile of the current pupils on roll, discuss issues being faced and the future development of the funding model. All providers have been active and engaged in conversations with some proposing solutions and ideas for the future.

Analysis of top up funding models in use and being developed regionally and nationally to inform the development of a local model and to provide financial benchmarking information.

Following on from the analysis and benchmarking there have been two stakeholder engagement sessions with providers to review needs led banding and matrix models. The preferred model was a matrix where needs are assessed and scored against a set of descriptors against each presenting need.

WBC has operated a self-assessment model to test the functionality of an individualised needs led banding model with our SEN Resource Base providers and to use the information to develop financial modelling, however it has not been possible to finalise the modelling and present a proposed fully costed model in time for the schools forum deadline as a result of a number of factors, including not all providers have been able to complete the self-assessment, the needs of the children do not follow the pattern we would usually expect to see within resource base provision (both higher and lower need) and this needs to be explored more fully with providers to understand this trend and how it might affect the funding allocation.

Therefore the LA are recommending that the current interim model is extended from April 2020 to August 2020 with the new model anticipated to be implemented from September 2020.

Next steps

- Hold a peer moderation event this will ensure that the assessment is consistent and equitable across all providers and will form the basis benchmarking and future moderation. Moderation will also ensure that understanding of the description of need and how to use the descriptors is consistent and will inform training and development opportunities for all stakeholders, particularly if the model is rolled out across more provision types in the future.
- Finalise the financial modelling and understand the impact of the new funding rates and look in more detail at needs analysis and how this may impact on provision development from September 2020 and beyond
- Hold another stakeholder event to look at the final proposal funding model
- Work with other professionals such as educational psychology, therapy services and specialist support services to shape the banding descriptors for local use and develop the provision that could be implemented to meet the needs of pupils with that profile
- Work with providers individually to develop a clear service specification and scope with clear eligibility criteria, delivery and availability as well as defined levels of support services (e.g. therapy and EP)

- Service level agreements implemented with clear KPIs, outcomes data and regular performance management agreed

Special School - Addington

Of 221 pupils currently at Addington School, 178 are from Wokingham. Investment by the LA to expand the school will see the roll rise to 250 by 2021. In addition to an increase in place funding due to the school expansion, a review of funding levels for top-ups has been taking place. Bandings in place at the start of the 2019/20 financial year had not been reviewed for a number of years and were recognised to be unsustainable for the school. During 2019/20 an uplift of pupils from the lowest band was agreed while work on the overall funding model continued.

Work with the school remains ongoing. Figures included in this report are based on the continuation of those arrangements for the current financial year, uplifted for increased pupil numbers. Based on work to date, implementation of the model proposed for the school could increase commitment from the HNB by a further £300k to £600k in-year. The LA is committed to working with the school to find a sustainable financial approach that supports this much valued and important local resource.

Special School - Northern House

There are 32 Wokingham pupils currently educated at North House Academy. As previously reported the existing Trust has given notice on the school and the Regional Schools Commissioner has been working with the LA to secure an alternative sponsor for the school. For the purposes of financial planning the current financial arrangements are assumed to continue for the 2020/21 financial year.

Pupil Referral Unit

Recent capital investment from the LA in Foundry College has provided for expanded and improved facilities. Annual revenue funding for the school, provided from the HNB, has however not been reviewed for a number of years. There are 47 places notionally funded at Foundry, however the actual number on roll varies significantly with 59 on roll mid-January 2020.

The LA is committed to working with Foundry as a valued local provision to ensure that future strategy for the school is aligned with financial planning. At this stage, figures reflect the existing £970k budget along with an agreed uplift for the provision of an outreach service.

Hospital Education

Willow House School, currently situated at Wokingham Community Hospital is fully funded from the HNB. It is a tier 4 CAMHS education provider, supporting pupils from across Berkshire. While the complexity and number of pupils supported by the school has increased significantly over the years, funding for the school has remained static.

In light of this, and the fact that a specific uplift of 8% was applied to the 2020/21 HNB allocation for the hospital education factor, it is planned to increase the Willow House budget to £200k for the coming financial year, an increase of 25% on the previously set budget of £160k. This still provides a financial challenge for the school given the number and complexity of pupils supported, but provides a stepped approach to a more fundamental review of funding for Willow House.

Berkshire Healthcare Foundation Trust are working with NHS England to move the school to an alternative site where the provision is co-located with other mental health provision, providing more suitable accommodation able to provide support to young people with more complex needs as well as those who require an inpatient mental health admission.

Therapy

The High Needs Block funds a range of therapies for children and young people with SEND through both the Berkshire Sensory Consortium and a small number of Applied Behaviour Analysis (ABA) arrangements.

In addition the LA has, for a number of years, funded an NHS contract for intensive therapies such as speech and language, physio and OT which delivers sessions in a number of schools. For 2020/21, it is planned to bring the cost of the Children & Young People Intensive Therapy (CYPIT) contract into the HNB, aligning it with other SEND therapies and improving visibility of financial planning in this area. A review of the contract has been undertaken by LA commissioners in light of rising costs and demand, and further detail on this will be brought to a future meeting of Schools Forum.

Transport

The Council is projecting to spend around £2m on SEND transport for the current financial year, of which £230k has historically been contributed from the High Needs Block. It is proposed that this contribution will be removed for the 2020/21 financial year, aligning all funding for Home to School Transport under Council general fund budgets. Transport will however continue to form part of overall reporting to Schools Forum as part of SEND updates.

Exceptional Needs Funding

An allocation of £150k for ENF is planned for the 2020/21 financial year, in line with that currently in place. The ENF group, drawn from both council officers and schools' representatives, has undertaken a review of process in this area, and it is proposed that further detail will be brought to Schools Forum in due course.

.07 SEND Improvement Programme & Written Statement of Action

The council has numerous actions underway to address the increase in demand and costs of providing education for pupils with SEND that include:

- Improved data capture and analysis (management information)
- Investment in the SEN Team to ensure adequate resources and efficient administration
- Stronger relationships with schools to improve partnership working.
- Reviewing and improving existing Tribunal practices
- Detailed line-by-line review of pupils placed in Independent Special Schools
- Expansion of Addington School, providing an additional 50 places by 2021
- Joint Commissioning of a Free School with Reading Borough Council to deliver 75 more places for Wokingham by 2028
- Discussions with the new Trust regarding potential changes to the operation of Northern House School
- Programme plan to track future activities to constrain costs in the face of increasing demand
- Staff training
- Visibility on process and options within borough for support to a child before EHCP is even discussed
- SENCO training and support
- Easy processes and communication
- Working with Portsmouth City Council as an improvement partner.

Exploration of a potential Forum sub-group focussing on High Needs will be considered as part of overall governance and engagement on the improvement programme.

.08 Deficit Recovery Plan

In summer 2019, Wokingham was one of 32 local authorities required to submit a deficit recovery plan to the DfE, details of which were discussed at the July Schools Forum meeting.

Following feedback on the recovery plan received in October, council officers met with DfE representatives on the 4th February to discuss the updated position and the improvement work underway locally. This also reflected on the additional funding made available through High Needs Block allocations for the coming financial year.

The meeting was largely positive, with recognition of the work that is being progressed locally to invest in SEND services in the borough, and the challenges that remain in seeking to find a sustainable financial position.

DfE colleagues confirmed that progress against the recovery plan would in the main be monitored through existing reporting arrangements with Schools Forum, with no separate year end reporting likely for the 2019/20 financial year.

The DfE has also published confirmation that from the end of 2019/20 the conditions of grant for the DSG will be changed around deficits, with the Schools and Early Years Finance (England) Regulations 2020 due to come into force this month, amending the DSG conditions of grant for 2019/20 and 2020/21.

Future accounting arrangements for dealing with year end deficits will be:

- the local authority must carry forward the whole of the deficit to the schools budget in future years
- the local authority may not fund any part of the deficit from its general resources, unless it applies to and receives permission from the Secretary of State to do so

CIPFA, MHCLG and the DfE are working together on guidance around the changes which is expected to be issued in the near future.

.09 **Financial Summary**

The in-year deficit on the High Needs Block for 2019/20 is projected as £1.7m. With a funding increase of £1.6m received for 2020/21 it is clear that with an increasing number of children and young people with SEND, the ability to set a balanced budget for the coming financial year is incredibly challenging.

The local authority is however required to submit a 'balanced' budget to the DfE. As in previous years, figures presented to Forum therefore include a 'budget' column and an initial indication of potential outturn for the 2020/21 financial year. See Appendix B.

The initial forecast for the 2020/21 financial year holds a large number of challenging assumptions, given the improvement and review work underway. Based on those assumptions a deficit in the region of £390k (1.9%) is projected for the coming financial year.

In addition to changes made in the financial model from ongoing review work, the 2020/21 budget allocation is expected to be updated by the DfE in summer 2020.

Sal Thirlway
Assistant Director for Learning, Achievement & Partnerships
March 2020

Lynne Samuel
Senior Finance Specialist – Children's Services
March 2020

Appendix A

High Needs Allocation	2020/21		2019/20		2020/21	
	December Settlement £'000		Final £'000		Increase £'000	%
Basic Entitlement	1,318		1,305		13	
Historical Factors	8,421		8,421		0	
Proxy Factors						
Population	6,272		4,656		1,616	
Free School Meals	437		307		130	
IDACI	77		59		18	
Bad Health	388		289		99	
Disability	652		467		185	
Low Attainment - Primary	603		447		156	
Low Attainment - Secondary	429		327		102	
	8,858		6,552		2,306	
Additional Allocation (£125m)	0		415		-415	
Other Adjustments	0		71		-71	
Hospital Education	240		222		18	
	18,837		16,986		1,851	
Funding Floor	2,260		2,481		-221	
	21,097		19,467		1,630	
Impprt/Export Adjustment	-570		-570		0	
	20,527		18,897		1,630	8.63%

Appendix B

		A	B	C	C - B	C - A
Category	Description	2019/2020 Forecast £,000	2020/21 Budget £,000	2020/21 Forecast £,000	2020/21 initial projected variance £,000	2020/21 forecast against the current year position £,000
High Needs Academy Recoupment	High Needs Academy Recoupment	1,037	852	852	-	(185)
Mainstream	Wokingham Mainstream Schools	1,796	1,750	1,750	-	(46)
	Other Local Authority	88	90	90	-	2
Resource Bases	Wokingham Resource Bases	1,442	1,595	1,595	-	153
	Other Local Authority	262	200	200	-	(62)
Special Schools	Maintained - Addington	4,854	5,710	5,710	-	856
	Academy - Northern House	799	720	720	-	(79)
	Other Local Authority	620	700	700	-	80
	Independent & Non-Maintained	6,881	5,910	6,300	390	(581)
Pupil Referral Unit	Foundry College	970	1,034	1,034	-	64
Further Education	Provision for EHCPs - Colleges	665	600	600	-	(65)
Hospital Education	Willow House	168	200	200	-	32
	Independent Hospital Education	20	20	20	-	-
Other	Therapies	313	695	695	-	382
	Support for inclusion - HNB	301	301	301	-	-
	SEN Transport	230	-	-	-	(230)
	Exceptional Needs Funding	150	150	150	-	-
	Other	20	-	-	-	(20)
TOTAL of Expenditure		20,616	20,527	20,917	390	301
TOTAL - Income		18,897	20,527	20,527	-	1,630
Variance between the Expenditure and Income (surplus) / deficit		1,719	-	390		
Deficit Brought Forward		1,399		3,118		
Year End Cumulative Deficit		3,118		3,508		

This page is intentionally left blank