

TITLE	2021/22 High Needs Block Budget
FOR CONSIDERATION BY	Schools Forum on 17 March 2021
WARD	None Specific;
LEAD OFFICER	Director, Children's Services - Carol Cammiss

OUTCOME / BENEFITS TO THE COMMUNITY

This reports forms part of regular reporting to Schools Forum, informing areas of statutory decision making and improving visibility and consultation on wider Dedicated Schools Grant (DSG) financial matters.

RECOMMENDATION

Schools Forum is asked to note and comment on the 2021/22 High Needs Block budget detail presented.

SUMMARY OF REPORT

To consult with Schools Forum on the 2021/22 High Needs Block Budget, and to provide activity and unit cost information in support of financial planning assumptions.

Additional resources of around £2.8m are available to the High Needs Block for 2021/22 in comparison to the current financial year, however this is set against a context of significantly increasing demand in supporting local children and young people with SEND.

The proposed budget recognises that longer term financial sustainability will not be delivered without targeted additional investment in the short term, supporting local settings and increasing inclusion.

Increases on top-up funding rates are proposed as follows:

- 5% on Mainstream current hourly rate from April 2021
- 5% on Addington bandings from September 2021

Additional resources to support Foundry College are proposed to be set aside, recognising the review in progress and the challenging financial outlook faced by the setting. Release of this into Foundry's budget will be managed through programme governance as the review progresses.

One-off 'spend to save' resources are proposed to support delivery of the SEND Innovation and Improvement Programme.

2021/22 High Needs Block Budget March 2021

.01 Purpose of the Report

To consult with Schools Forum on the 2021/22 High Needs Block Budget, and to provide activity and unit cost information in support of financial planning assumptions.

.02 Recommendation

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.03 Background

As one of four blocks of Dedicated Schools Grant (DSG) funding provided by the Department for Education (DfE), the High Needs Block (HNB) is allocated to Local Authorities through a national formula and is intended to fund support for children and young people with special educational needs and disabilities (SEND) from their early years to age 25. High Needs Funding is also intended to support good quality Alternative Provision (AP) for pre-16 pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream or special schools.

While significant increases in HNB funding has been provided nationally in recent years, in Wokingham, as with many other LAs, the cost and demand of support for vulnerable children and young people has outstripped available resources.

Locally, the cumulative deficit on the HNB as at 31st March 2020 stood at £3.4m, and is projected to increase to £6.2m by the end of the current financial year.

In addition to the financial challenges faced, significant improvement work has been underway across the SEND system in Wokingham, with the next phase of accelerated activity under the SEND Innovation and Improvement Programme commencing from 1st April. There is no doubt that the complexity of aligning strategic priorities and available resources, while responding to a significant ongoing increase in the number of children and young people with an Education Health & Care Plan (EHCP), requires systems wide commitment.

.04 2021/22 High Needs Block Funding

Nationally, High Needs Block funding is increasing by £730m, or 10%, in 2021/22. The National Funding Formula ensures that every local authority receives an increase of at least 8% per head of population compared to the current financial year.

The budget allocation for Wokingham is £22.8m, an increase of £2.28m on 2020/21 levels. In addition, following consultation with schools and with the support of Schools Forum, 0.5% of the Schools Block will be transferred to the High Needs Block for 2021/22, equating to £588k.

While this combined increase in funding of around £2.87m is welcome news, significant challenge remains to deliver a sustainable financial position for SEND in Wokingham, particularly against the backdrop of an in-year deficit of £2.8m and where the full year impact of changes for the 2020/21 academic year have not yet been felt.

Appendix A provides further detail on the movement on factors underlying the £2.28m formula increase.

.05 **Approach to Budget Setting**

Budget allocations for the coming financial year have been arrived at taking account of funding arrangements and commitments associated with the current profile of EHCPs, along with estimations of changes in activity for the 2021/22 academic year.

The proposed budget also recognises that longer term financial sustainability will not be delivered without targeted additional investment in the short term, supporting local settings and increasing inclusion.

As in previous years, a balanced budget position has been set out as required for statutory reporting, however current projected outturn for the year is also provided. To simplify reporting, adjustments for a balanced budget have been made to INMSS figures, however given the level of historic commitment and current children and young people placed, delivery of a reduced cost base will take longer than the upcoming financial year to deliver. This is recognised in the initial projected forecast.

Consideration has been given to the use of the 0.5% (£588k) transferred from the Schools Block, given this is currently approved on a non-recurrent basis and therefore not part of baseline funding. In recognition of the transfer at a time of increasing pressure on individual school budgets, the opportunity of this additional funding has been used to increase funding and expected activity levels for top-ups in mainstream schools (see section 6), and to support Foundry on delivering provision aligned with strategic objectives (see section 10).

Activity information has been provided to give further context to expenditure, and this will continue to be updated, developed and reported as the year progresses.

Key considerations and proposed changes for settings are set out below, with further information provided in appendices:

- Appendix B – Activity – Place Funding
- Appendix C – Activity – Top-ups in local settings
- Appendix D – Activity – Top-ups Out of Borough & INMSS
- Appendix E – Summary 2021/22 Draft Budget
- Appendix F – Detail of 2021/22 Draft Budget

.06 **Mainstream**

For Wokingham mainstream schools, top-up funding is calculated based on the number of hours agreed for the child or young person, funded at a set annual rate, currently £422.38. This is then adjusted for the Notional SEN allocation.

$$\text{£ Annual Top-Up Funding} = (\text{number of hours} \times \text{£422.38}) - \text{£6,000}$$

Where agreed hours are 20 hours or less per week then no top-up is payable under the current funding model as this is deemed to be covered by element 1 & 2 funding.

As reported to Schools Forum previously, it is recognised that the current top-up funding model has not been reviewed for a number of years, and that financial sustainability in this area is critical in supporting inclusion for local children and young people.

To provide some additional support to schools while a longer term review is undertaken, it is proposed to increase the top-up rate by 5% to £443.50 for the 2021/22 financial year. This increased rate also aligns the Wokingham rate with the average rates of other south east LAs, informed by recent benchmarking information collated by Southampton City Council.

Given expected continued increasing numbers of EHCPs, figures include an assumption of a 15% rise in activity for the 2021/22 academic year.

Post-16 Place Funding

Currently 27 post-16 places are funded from the High Needs Block in Wokingham mainstream schools, with this having remained the same for a number of years. A review of this area will be undertaken during the summer term to ensure resources remain suitably aligned, allowing consultation with schools should any potential change be identified. Should an amendment to current arrangements be deemed appropriate then this will be actioned through the DfE's High Needs Place Notification Process in November, for implementation in the 2022/23 academic year.

.07 **Resource Bases**

As reported to Schools Forum previously, a review of resource base top-up funding remains ongoing. To avoid pre-empting the outcome of that review, no change to current bandings is proposed at this time.

Figures take account of the new secondary resource base arrangements that are planned for September 2021.

Given the current number of empty places in local resource bases, and the focus of the review to ensure the offer matches need, activity figures assume that a further 10 places will be filled by Wokingham pupils for the 2021/22 academic year.

.08 Special Schools

Following the roll-out of revised banding arrangements for Addington during the current financial year, an uplift of 5% on each banding value is proposed from September 2021. This provides for a modest inflationary element and ensures previous pay and pension grants are incorporated into baseline funding.

Funding arrangements with Chiltern Way are set out in a service level agreement and recognise the investment in improvement activity needed to ensure the future of the school as a key part of overall local strategic delivery.

Independent & Non-Maintained Special Schools remain the single biggest challenge to a balanced financial position for the High Needs Block in Wokingham. A programme of work continues to focus on driving down the overall number, ensuring effective and efficient commissioning arrangements where placements are required, and to ensure that social care and health needs are funded appropriately. It is however recognised that this will take time to deliver fully as those children and young people currently educated in INMSS settings move through the system.

To simplify reporting, adjustments for a balanced budget have been made to INMSS figures, however given the level of historic commitment and current children and young people placed, delivery of a reduced cost base will take longer than the upcoming financial year to deliver. This is recognised in the initial projected forecast.

.09 Post 16 Colleges & FE

As previously reported to Schools Forum, the number of young people with EHCPs attending FE / post-16 college settings has risen significantly in recent years, largely reflecting the extension of SEND regulations to those aged 25 as part of the 2014 reforms.

Activity figures therefore assume a further 13% rise in the number of young people funded from the High Needs Block for the 2021/22 academic year.

.10 Pupil Referral Unit

As previously reported to Schools Forum, recent capital investment from the Council in Foundry College has provided for expanded and improved facilities. However annual revenue funding for the school, provided from the High Needs Block, has not been reviewed for a number of years. An inflationary uplift was applied for the 2020/21 financial year in recognition that funding had remained stagnant for some time. A similar approach is being proposed for the 2021/22 financial year.

A review of Foundry which aims to ensure strategy and delivery model are aligned with financial planning remains ongoing, and this will fully inform a revised funding model for the 2022/23 financial year. However, budget planning undertaken by Foundry projects a significant deficit for the coming financial year, with this being driven by an increased cost base associated with delivering the full offer improved

facilities allow, along with reducing income from areas such as maintained school de-delegation.

In recognition of the significant financial challenges the school faces, and the timeline of the review to inform longer term budget planning, £400k has been earmarked from the 2021/22 High Needs Block to support the revised operating model at Foundry. Drawdown of the funds will be overseen through programme governance in line with recommendations from the project group, however the objective of this budget is to directly protect Foundry from falling into significant deficit as the year progresses.

.11 Hospital Education

As part of the High Needs Block Funding Formula, a specific funding factor is set out for Hospital Education. Given hospital education is linked to geography of NHS resources, this recognises specific local arrangements. The hospital education factor has increased by 8% for the 2021/22 financial year.

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 and beyond.

The complexity and number of pupils supported by the school has increased significantly over the years, however until more recently funding for the school had remained static. Budget for the school was therefore increased for the 2020/21 financial year as part of a stepped approach to aligning local budget setting with the national funding formula factor. The proposed budget for 2021/22 further builds on this and includes cost inflation and baselining of pay and pension grants.

Berkshire Healthcare Foundation Trust are currently reviewing future options for service delivery and therefore the balance of the hospital education funding factor has been earmarked to support this.

.12 Inclusion Group Funding

An annual budget for 'Exceptional Needs Funding' of £150k has been held within the High Needs Block for a number of years, but in more recent years little spend has been recorded against this.

Planning led by the Inclusion Group has however started to make progress and therefore the budget line has been retained for the 2021/22 financial year.

The impact of Covid has meant a difficult year for all. Bearing in mind the added pressures, the inclusion group have still had an increase in impact and outlay towards the end of the financial year due to an increased need to provide support.

The online courses supported financially and with staffing by the group has meant 338 participants completing online courses, not including Addington and Foundry. This has been a huge effort and feedback is positive.

For the academic year 2021/22 the group have identified some significant needs within Wokingham that will expand focus.

Break and Lunchtime Support

Key area for support of pupils receiving targeted provision is break and lunchtime. The group are currently reviewing case studies to inform a plan to support this across Wokingham Schools.

SEMH Training and Support

The group are reviewing and looking to support the online training on offer incorporating some of the highlighted areas. Bearing in mind the uptake last academic year an increased uptake of at least a third is expected.

Offsite and Outward Bound Education Offer

Longer term the group are looking to develop and outline opportunities for out of bounds and more activity-based support for pupils, staff and families to support with learning. Costs for this are likely to fall into the 2022/23 financial year however some funding for research and taster sessions may be required during 2021/22.

Online Training Focussed on Teaching Assistant Supporting in Classroom

Highlighted in all family feedback is a concern of children with special needs mainly being supported by assistants. The need to offer support around training with specific needs is being identified and the group are proposing training in clusters linked with the SEND team and identified by case officers and SENDCo's.

Exceptional Circumstance

It is important that some funding is kept in place for children and young people who require support in exceptional circumstance and do not have evidence in the first week or months to move through and be placed in appropriate provision due to funding. This criteria needs to be finalised but with current strategies for training and inclusion support this is still an area for support.

.13 **SEND Innovation & Improvement Programme**

Since the joint inspection in 2019 and subsequent Written Statement of Action, the Council has focused improvement of local arrangements in relation to SEND. There have been many areas of success and some strong progress, but several areas for improvement remain and are now a priority for Children's Services.

Over the course of the last year work has been undertaken with partners and key stakeholders to develop a new coproduced SEND Strategy (0-25) 2021-24, which sets out how the partnership will address these challenges and deliver improved outcomes.

Partners have worked together to make some good progress over the past year addressing fundamental areas for service improvement (EHCP timeliness and quality), with the time now right for the next phase of the journey: delivering a programme of accelerated improvement, with alignment between priorities for

improving outcomes, and approaches to managing demand effectively whilst using financial resources in the most efficient and effective ways.

Further information is available in Appendix G.

To support the significant programme of work a non-recurring 'spend to save' budget of £300k has been earmarked from the High Needs Block to support the SEND Innovation and Improvement Programme, and drive forward improvements that are required to ensure financial sustainability is embedded in strategic direction. It is proposed to match-fund this by a further £300k from Council Improvement Programme Funds, recognising the commitment to delivering on key SEND priorities. Use of funds will be targeted at delivering and imbedding necessary change, and will be approved and monitored through the formal programme governance in place.

.14 Financial Summary

While resources available to the High Needs Block for 2021/22 are £2.87m higher than in the current year, significant challenge remains to delivering a balanced budget.

Significant increases in the number of children and young people with an EHCP in Wokingham means that expenditure continues to outstrip available resources, and while investment has been made in increasing local provision, it will take a number of years for the full impact of that to be felt.

Budgets have been set taking account of the current profile of EHCPs and a level of assumed increase in activity as the financial year progresses. Based on this, initial projections show a potential £2.54m deficit for the 2021/22 financial year, despite the additional resources available.

Additional investment in-borough drives the main areas of change year on year and reflects the ambition to support more children and young people in local settings, delivering financial savings to the High Needs Block in the longer term.

.15 Review of HNB National Funding Formula for 2022/23

The DfE are inviting local authorities in England, schools and colleges, other interested organisations and individuals to respond to specific proposals for a small number of changes to the national funding formula that will be used to allocate high needs funding to local authorities in the 2022/23 financial year. They are also seeking views on some of the longer term changes to the formula that could be considered in future.

Full details of the consultation can be found here:

https://consult.education.gov.uk/funding-policy-unit/high-needs-nff-proposed-changes/supporting_documents/High%20needs%20NFF%20review%20consultation%20document.pdf

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