

TITLE	2022/23 High Needs Block Budget
FOR CONSIDERATION BY	Schools Forum on 12 January 2022
WARD	None Specific;
LEAD OFFICER	Director of Children's Services - Helen Watson

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 the progress on the 2022/23 High Needs Block budget setting process.

SUMMARY OF REPORT

To update Schools Forum on the approach to the 2022/23 High Needs Block Budget setting prior to consultation on final budget in March.

Additional funding of around £2.2m are available to the High Needs Block for 2022/23 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 approach to budget setting continues to recognise that longer term financial sustainability will not be delivered without targeted additional investment in the short term, supporting local settings and increasing inclusion.

Key factors influencing the budget setting approach:

- Continued increase in the number of children and young people with an EHCP
- Review of inflationary increases on top-up bandings across settings
- The Review of Foundry College
- Recommendations from the Sufficiency Strategy

The final budget plan will be presented to Forum at the meeting in March for consultation.

High Needs Block Finance Training Sessions will be offered from late January for those Forum members interested.

SCHOOLS FORUM

2022/23 High Needs Block Budget January 2022

.01 Purpose of the Report

To update Schools Forum on progress on the approach to the 2022/23 High Needs Block Budget setting prior to consultation on final budget in March.

.02 Recommendation

Schools Forum is asked to note the progress on the 2022/23 High Needs Block budget setting process.

.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 2021 stood at £6.5m, and is projected to increase to £9.6m 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 under the governance of the SEND Innovation and Improvement Programme. It is clear 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 2022/23 High Needs Block Funding

Nationally, High Needs Block funding is increasing by £780m, or 9.6%, in 2022/23. 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 £25.03m, an increase of £2.2m on 2021/22 levels. Of this £1.02m is recouped in respect of academies.

While this increase in funding 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 over £3m and where the full year impact of changes for the 2021/22 academic year have not yet been felt.

Supplementary funding

Special schools and other providers funded from the high needs block of the DSG will benefit from an additional £325 million in 2022 to 2023, through a top up to the DSG allocations. This is an increase of 4% to the high needs allocations announced in July 2021. For Wokingham this is an additional £965k. This extra funding recognises the 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, including the Health and Social Care Levy.

Appendix A provides further detail on the movement on factors underlying the £2.2m formula increase.

.05 **Approach to Budget Setting**

Budget allocations for the coming financial year are being informed by funding arrangements and commitments associated with the current profile of EHCPs, along with estimations of changes in activity for the 2022/23 academic year. This includes the projection of an increasing number of children and young people with an EHCP as presented to Schools Forum in December 2021.

The 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.

Recent work around the SEND Sufficiency Strategy and the resulting recommendations are also being considered as part of budget setting.

.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 £443.50. This is then adjusted for the Notional SEN allocation.

$$\text{£ Annual Top-Up Funding} = (\text{number of hours} \times \text{£}443.50) - \text{£}6,000$$

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.

An inflationary review is being undertaken to inform rates for the coming financial year. Based on current top-ups in place, every 1% increase in rate equates to around £70k annual expenditure.

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 2023/24 academic year.

.07 Resource Bases

For Wokingham resource bases, top-up funding is based on a banding system for all but one of the current settings, The Oaks, as it remains under custom and practice for the previous SLA.

An inflationary review is being undertaken to inform rates for the coming financial year. Based on current top-ups in place, every 1% increase in rate equates to around £9k annual expenditure.

.08 Special Schools

Addington

The current banding system appears to be working well and has brought improved financial sustainability for the school. An inflationary review is being undertaken to inform rates for the coming financial year.

Chiltern Way

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

An annual uplift process is undertaken through the Council's commissioning team, considering those requests made by providers. New placements are negotiated appropriately on price informed by the needs set out in the EHCP. Budget setting considers both the cost of current placements and likely changes in activity for the 2022/23 academic year.

.09 Pupil Referral Unit

A review of Foundry to ensure strategy and delivery model are aligned with financial planning is reaching its conclusion, and this will fully inform a revised funding model for the 2022/23 financial year. Review outcomes will be brought to Forum in March following further discussion.

.10 Transfer from the Schools Block

As reported in the Schools Block Budget report, the LA has submitted a disapplication request to the Secretary of State for the transfer of 0.5% from the Schools Block to the High Needs Block for the 2022/23 financial year. This followed the results of the school consultation that did not support such a transfer.

At the time of writing the outcome of that disapplication is not known. Should the disapplication be approved then specific plans will be brought to Forum as part of HNB budget setting consultation in March.

.11 **Financial Summary**

While High Needs Block for 2022/23 is £2.2m 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 investment in increasing local provision has struggled to keep up with demand.

Budgets will be set taking account of the current profile of EHCPs and a level of assumed increase in activity as the financial year progresses. Improved data quality and information resulting from changes made by the SEND IIP provides for a more robust financial model.

Despite the increase in funding, initial estimates indicate a potential in-year deficit for the 2022/23 financial year of circa £3.5m based on a continued increase in the number of children and young people with an EHCP.

Training / awareness sessions to assist School Forum members and wider colleagues understand the complexities of the High Needs Block position in Wokingham will be rolled out from late January.

Lynne Samuel
Finance Business Partner – Children's Services
December 2021

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