

TITLE	2022/23 High Needs Block Budget
FOR CONSIDERATION BY	Schools Forum on 16 March 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 and comment on the 2022/23 High Needs Block Budget detail presented.

SUMMARY OF REPORT

To consult with Schools Forum on the 2022/23 High Needs Block Budget, and to provide activity and unit cost information in support of financial planning assumptions.

Additional resources of around £2.4m 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 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 for Wokingham schools are proposed as follows:

- 4% on Mainstream current hourly rate from April 2022
- 4% on Resource Base bandings from April 2022

A deficit of £3.86m is set within the budget for the 2022/23 financial year.

2022/23 High Needs Block Budget March 2022

.01 Purpose of the Report

To consult with Schools Forum on the 2022/23 High Needs Block Budget, and to provide activity and unit cost information in support of financial planning assumptions.

.02 Recommendation

Schools Forum is asked to note and comment on the 2022/23 High Needs Block budget detail presented.

.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 £10.6m 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. 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 2022/23 High Needs Block Funding

Nationally, High Needs Block funding is increasing by £1 billion, or 13%, 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 £24.8m, an increase of 8.9% on 2021/22 levels. In addition, Supplementary Grant funding is being made available to Wokingham of £965k for 2022/23.

While the net increase in funding to the HNB of around £2.4m 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 £4.2m and where the full year impact of increases for the 2022/23 academic year have not yet been felt.

Appendix A provides further detail on the movement on factors underlying the HNB 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 2022/23 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.

Figures show that necessary expenditure is in excess of available resources and therefore a deficit budget is being set for the 2022/23 financial year.

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

- Appendix B – Summary 2022/23 Draft Budget
- Appendix C – Detail of 2022/23 Draft Budget
- Appendix D – Activity – Place Funding
- Appendix E – Activity – Top-ups in local settings
- Appendix F – Activity – Top-ups Out of Borough & INMSS

.06 **Top-up Funding: 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 £433.50. This is then adjusted for the Notional SEN allocation.

$$\text{£ Annual Top-Up Funding} = (\text{number of hours} \times \text{£433.55}) - \text{£6,000}$$

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.

Previous benchmarking information indicated that the Wokingham rate set for 2021/22 was in line with average rates across the South East.

It is proposed to increase the top-up rate by 4% to £461.24 for the 2022/23 financial 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 as part of wider post-16 planning work underway 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 Top-up Funding Resource Bases

For Wokingham Resource Bases, top-up funding is provided through a needs led banding system. It is proposed to increase the banding rates by 4% for the 2022/23 financial year, giving changes as provided below.

Band	2022/23 Proposed
ASD1	£16,172
ASD2	£16,172
ASD3	£21,471
HI2	£16,172
HI3	£21,471
PD1	£5,032
PD2	£9,904
PD3	£9,904
SL1	£0
SL2	£5,032
SL3	£9,904

The exception to the banding system is The Oaks at St Crispins, which remains under a custom and practice arrangement from the original SLA.

.08 Top-up Funding Special Schools

Addington

Following the roll-out of revised banding arrangements for Addington during the 2020/21 financial year, and an inflationary uplift provided for the current year, a further review has been undertaken to inform rates for 2022/23.

The banding system implemented has proved successful and has allowed significant stabilisation on the financial position for Addington. Reserves held by the school have grown since the current banding system was introduced and, along with sound financial performance, have informed the decision not to apply any inflationary uplift for the 2022/23 financial year. Further work will be undertaken to review multi-year financial planning in partnership with the school with further information brought back to Forum at a later date.

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

Representing 32% of forecast spend in the 2021/22 financial year, the level of INMSS placements remains the single biggest challenge to a balanced financial position for the High Needs Block in Wokingham. Figures in the budget plan are informed by information available at the time of budget setting, and recognise that in the short term the number of such placements is likely to rise.

Sufficiency work under the improvement programme continues to focus on options to drive down the number in the longer term, ensuring effective and efficient commissioning arrangements where placements are required, and ensuring that social care and health needs are funded appropriately. It is however recognised that this will take time to deliver as those children and young people currently educated in INMSS settings move through the system.

.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.

Figures provided are current estimates based on information available at the time of budget setting.

.10 Pupil Referral Unit – Foundry College

As previously reported to Schools Forum, previous capital investment from the local authority 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, with minimal inflationary uplifts provided.

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 2023/24 financial year. Work undertaken to date in partnership with Foundry has sought to better understand the current cost base and activity drivers of the school, how this delivers outcomes for local children and young people, and where strategically this can sit within the wider SEND agenda in Wokingham.

Initial financial projections for the 2021/22 financial year by Foundry indicated a significant deficit, however management in-year reduced the impact of this on school reserves. Budget setting for 2022/23 allows for the school to set a realistic budget for the coming year, while the next phase of the strategic review is underway.

As Forum is aware, following the review of de-delegated services, the Outreach service offered by Foundry to primary schools is not being de-delegated to maintained schools for the 2022/23 financial year. The HNB budget envelope set for Foundry for this coming year assumes that previous income levels are maintained through direct charging to schools. The deliverability of that is unclear at this time and therefore will be kept under regular review. The local authority will continue to work in partnership with Foundry in the development and monitoring of their financial arrangements.

.11 Children & Young People Integrated Therapies (CYPIT)

Procurement for the new contract to start in September 2022 remains ongoing, and therefore budget figures are based on existing contract information. Any decrease or increase in cost will be reported to Forum once the new contract has been awarded.

.12 Financial Summary

While resources available to the High Needs Block for 2022/23 see a £2.4m increase on the current year, significant challenge remains to bringing the cost of meeting the needs for local children and young people with SEN in line with those resources.

Significant increases in the number of children and young people with an EHCP in Wokingham means that expenditure continues to outstrip available resources, and therefore a deficit budget is being set for 2022/23.

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, a deficit of £3.86m is set through the budget for the 2022/23 financial year.

Indicative spend profile and assumptions undertaken in the autumn projected a £3.5m deficit for the 2022/23 financial year. Recent changes in in-year forecast figures and further information available from the Foundry Review have further informed the position, and therefore an increased deficit for the coming year.

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.

Lynne Samuel
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