

## Appendix D – High Needs Block Budget

### Background

At the time of budget setting for the 2022/23 financial year a deficit of £3.8m was indicated for the High Needs Block.

Current forecast indicates an adverse movement of £481k taking projected deficit for the year to £4.3m.

Further information has been provided on the assumptions made at the time of budget setting, with analysis on activity underpinning the early changes in forecast.

### Approach to Budget Setting & Forecasting

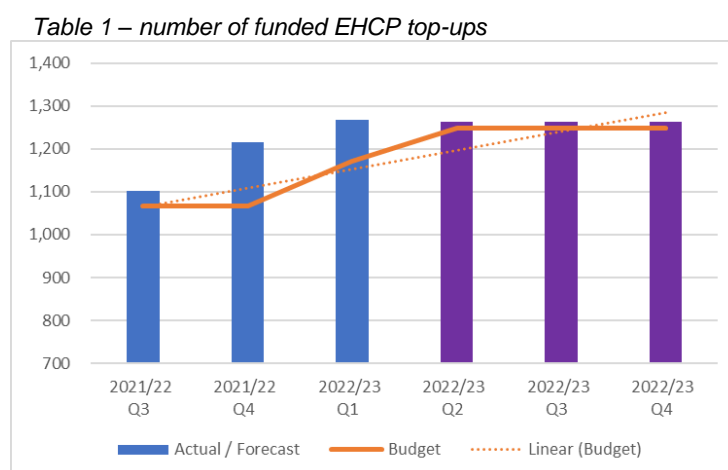
At the time of budget setting and producing the initial forecast for the year, the following were taken into account:

- Costed information on EHCPs / top-ups in place at that time
- High level assumptions on increased activity for the 2022/23 academic year (Sep2022)

At the time of producing the 2022/23 budget, limited information was available on phased transfers and expected changes associated with the new academic year. Significant improvements have been made in the collation and sharing of this information between the SEN and Finance Teams and for the first time, this has now been able to be incorporated into the Q1 forecast. Further improvement work is ongoing to inform assumptions for 2023/24 budget setting at an earlier stage.

### Activity Analysis

The graph below shows the assumption on number of funded top-ups within the HNB included within the budget, set against that in the current forecast.



A significant increase in activity was seen over Q4 of the 2021/22 financial year and was therefore not sufficiently known about at the time of budget setting. While the 2022/23 budget allowed for increasing number of EHCPs, actual levels have already reached this at this early point of the year.

This provides for a significant level of risk on the forecast with current assessment activity indicating a potential additional 30 EHCPs per month.

### Early Years

The key emerging trend in activity data is that of years 1 and below. In April 2021 the HNB funded 4 top-ups in mainstream settings in Wokingham, with this rising to 46 by April 2022. This represents an increase in excess of 1000%.

From a snapshot of assessment activity in early June, of 128 EHCA's over 70 were in relation to the youngest age group. This represents the largest activity driver and potential additional cost to the HNB. Given the very low numbers experienced previously, little information exists on 'most likely' financial planning assumptions. Progress on this cohort will be kept under close review.

### Mainstream Post-16

An area of reducing activity is that of post-16 places in Wokingham mainstream secondary schools. As previously reported to Schools Forum, 27 places are commissioned and funded through the HNB. 12 top-ups were funded in April 2021, which based on current information will fall to around 3 by September 2022.

### **Cost Analysis**

The base of budget setting / forecasting is taken from the cost profile of funded EHCPs at that time. Detailed information is held on individual pupils, which is used for both forecasting / reporting and to generate payments out to schools.

Unit cost profile will continue to be monitored during the year with any material changes being reported regularly through Finance reports.

### Inflation on Independent & Non-Maintained Placements

The approach to inflationary requests is in line with that set out for 2021/22. Known impact for the 2022/23 High Needs Block, and included in forecasts, is £51k. A small number of further requests have been received for September 2022 and these are currently under review.

### **Summary**

The financial impact of meeting the needs for Wokingham pupils with an EHCPs changed significantly over the course of the 2021/22 financial year, with a particular increase experienced in the final quarter of the financial year. This was not sufficiently known about to factor into assumptions at the time of budget setting, and as a result increased activity levels planned for in the 2022/23 budget have already been reached.

Improvement work between SEN and Finance has allowed phased transfer information to be built into forecast at a much earlier point of the financial year than what has previously been possible. Further work is being progressed to improve that further for 2023/24 budget setting.

Ongoing assessment activity indicates potentially 30 additional EHCPs per month and therefore significant risks exist on the current forecast.