

<b>TITLE</b>	<b>2023/24 High Needs Block Budget Update</b>
<b>FOR CONSIDERATION BY</b>	Schools Forum on 7 December 2022
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Director, 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 2023/24 High Needs Block budget setting process.

## **SUMMARY OF REPORT**

To update Schools Forum on the approach to the 2023/24 High Needs Block Budget setting prior to consultation on final budget proposals.

Additional funding of around £2.5m is estimated to be available to the High Needs Block for 2023/24 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 is set in the context of the Safety Valve Programme, and informed by the significant work being progressed.

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

Detailed information will be shared with the High Needs Block Task & Finish Group to progress discussions, prior to the budget being brought to Forum for consultation.

### 2023/24 High Needs Block Budget December 2022

#### .01 **Purpose of the Report**

To update Schools Forum on the approach to the 2023/24 High Needs Block Budget setting prior to consultation on final budget proposals.

#### .02 **Recommendation**

Schools Forum is asked to note the progress on the 2023/24 High Needs Block budget setting process and the links to the Safety Valve Programme.

#### .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 31<sup>st</sup> March 2022 stood at £10.8m, and is projected to increase to £16.5m by the end of the current financial year.

Wokingham is currently working with the DfE, as part of the Safety Valve Programme, on delivery of a management plan seeking to delivering in-year balance by 2028/29. Detailed budget setting decisions for the 2023/24 HNB will require to be set in the context of that longer term financial plan.

#### .04 **2023/24 High Needs Block Funding**

Nationally, High Needs Block funding is increasing by £570m, or 6.3%, in 2023/24.

The National Funding Formula ensures that every local authority receives an increase of at least 5% per head of population compared to the current financial year.

The provisional budget allocation notified to Wokingham in the summer is £27.1m, an increase of £1.5m on 2022/23 levels.

The Autumn Statement announced additional funding for schools, and while the detail of that is not known, Wokingham has been advised through the Safety Valve process to assume a further £1m for 2023/24.

## **.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 over the coming 12 months. This includes the projections of the number of children and young people with an EHCP as reported through the Safety Valve Update.

Forum agreed to establish a High Needs Block Task & Finish Group for 2023/24 budget setting. Discussions through this group will take forward the overarching modelling undertaken through Safety Valve, alongside detailed discussions with local settings on the financial challenges of the coming 12 months.

## **.06 Key Budget Setting Considerations**

### Inflation

As part of a commitment to annual review, consideration to any inflationary uplift on top-up bandings / budgets across WBC settings will be discussed through the Task & Finish Group.

### Emmbrook HIU

As referenced in the Revenue Monitoring Report, supplementary funding has been agreed on current banding levels, recognising costs incurred in running the resource baser that are unique to other settings.

### Addington

Banding levels for Wokingham special schools were not uplifted for the current financial year, and joint work has been continuing with Addington on a review of their financial outlook, both in terms of current operations, but also as additional capacity is implemented. Projections provided by the school indicate an 8% inflationary uplift request for the 2023/24 financial year, and this will be reviewed further through the Task & Finish Group.

### Foundry

Current proposals around the Foundry Review recommend a continuation of the budget model agreed for the 2022/24 financial year, but supported by a clearer SLA. As part of final budget recommendations, the Task & Finish Group will consider the financial implications of the change in funding arrangements from the Primary Behaviour Support Service, now that Foundry charge schools directly.

## **.07 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 2023/24 financial year. This followed the results of the school consultation that did not support such a transfer.

Safety Valve modelling assumes, at this time, that the request will be approved and therefore will form part of available funding for the coming financial year.

## **.08 Financial Summary**

While High Needs Block for 2023/24 is expected to be £2.5m 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 available through the Safety Valve work provide for further improvements in the robustness of the financial model.

More detailed information will be shared with the High Needs Block Task & Finish Group to progress discussions and bring the draft budget back to Forum for consultation.

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