

# Agenda Item 28

<b>TITLE</b>	<b>HNB / DSG Management Plan &amp; Safety Valve Update</b>
<b>FOR CONSIDERATION BY</b>	Schools Forum on 11 January 2023
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Director, Children's Services - Helen Watson

## **OUTCOME / BENEFITS TO THE COMMUNITY**

This report forms part of regular reporting to Schools Forum regarding areas of statutory decision making and provides transparency regarding High Needs Block and wider Dedicated Schools Grant (DSG) financial matters including an update on the current status of the bid to be included within the DfE's Safety Valve programme.

## **RECOMMENDATION**

- Schools Forum is asked to note the contents of this report.
- Schools Forum is asked to note the work that has been undertaken in the development of the Safety Valve proposals.

## **SUMMARY OF REPORT**

The report provides Schools Forum with an update on actions and proposals to reduce the High Needs Block overspend and the overall DSG deficit via participation in the DfE/ESFA Safety Valve programme; these actions are being developed to achieve a balanced High Needs Block budget by 2028/29.

The report summarises the workstreams and the strategic themes being proposed as part of the Safety Valve programme; some of these will be familiar as they are developments of work that was already underway under the SEND Innovation and Improvement Partnership; others are new initiatives that have been urgently developed or designed in direct response to the deteriorating financial position of the local SEND System.

## Background

Wokingham Borough Council have been invited by the DfE to join the Safety Valve programme, which is offered to Local Authorities with significant High Needs Block deficits. WBC needs to develop and submit a transformation plan, detailing investment costs and a narrative as to how the proposed measures will deliver this balanced budget by 2028/29.

*Full reports were presented to Schools Forum in October and December 2022, which this report provides a further update to.*

Wokingham's Safety Valve programme proposal is made up of 21 strands of work organised under 4 strategic themes (detail set out below). This is a substantial programme of work involving significant investment in capacity, provision, systems and operating models to deliver a balanced budget in 5 years.

## Analysis of Issues/Context

The Safety Valve programme builds on and develops the work of the SEND Innovation & Improvement Programme (IIP). Many of the key priorities and workstreams have previously been co-produced with partners and are known to School's Forum already.

The development of Wokingham's Safety Valve application is under development and work continues apace to finalise the detail around the wide-ranging workstream activity required to deliver a balanced high needs block budget by 2028/29

## Projections Regarding Demand for EHC Plans

Detailed projections regarding projected future demand were set out in the October report to Schools Forum but following sceptical feedback from the DfE concerning this predicted pace of growth during the meeting in October, an external specialist consultancy (PeopleToo), were commissioned to revisit these projections. These revised projections were presented to Schools Forum in December 2022. The projections put forward at that point (fig1) are unchanged as we submit our proposition.

Fig1

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Previous Submission (12/10/22)	867	934	1,078	1,270	1,488	1,796	2,043	2,330	2,667
WBC Trend – Moving Ave	867	934	1,078	1,270	1,488	1,796	2,119	2,517	3,014
Stat Neighbour Trend – Moving Ave	867	934	1,078	1,270	1,488	1,796	2,043	2,330	2,667
	867	934	1,078	1,270	1,488	1,796	2,173	2,412	2,642
Regional Trend – Moving Ave	867	934	1,078	1,270	1,488	1,796	2,011	2,256	2,536
National Trend – Moving Ave	867	934	1078	1,270	1,488	1,796	1,996	2,222	2,478
ETS Statistical Forecast – Mid	867	934	1,078	1,270	1,488	1,796	1,971	2,167	2,362
Agreed Projected Figures	867	934	1,078	1,270	1,488	1,796	2,018	2,213	2,409

## Financial Position

Financial modelling is being finalised in advance of the submission, however fig2 below shows the detail regarding the spend, development of a WBC funded Equalisation Reserve and the balanced budget position achieved at the end of the programme. Should we achieve agreement with the DfE/ESFA on this, the Equalisation Reserve will part fund additional cost/activity of the programme, but also contribute significantly to the reduction in the cumulative deficit amount alongside DfE contribution.

Fig2

	2021-22	Year 0 2022-23	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29
<b>TOTAL Mitigated HNB Projected Spend</b>		32,034,000	36,246,016	37,376,053	36,110,973	35,380,694	34,070,540	34,121,571
Projected HNB income		-25,660,000	-28,112,400	-28,955,800	-29,824,500	-30,719,200	-31,640,800	-32,590,000
0.5% Block Transfer		0	-675,000	-695,300	-716,200	-737,700	-760,000	-782,000
Additional 0.5% from 2024/25		0	0	-695,300	-716,200	-737,700	-760,000	-782,000
HNB In-Year Deficit		6,374,000	7,458,616	7,029,653	4,854,073	3,186,094	909,740	-32,429
Spend of DSG Growth Fund Reserves		86,000	375,000	0	0	0	0	0
<b>Cumulative DSG Deficit</b>	<b>10,041,000</b>	<b>16,501,000</b>	<b>24,334,616</b>	<b>31,364,269</b>	<b>36,218,342</b>	<b>39,404,435</b>	<b>40,314,175</b>	<b>40,281,746</b>
<b>Cumulative Deficit met from WBC Equalisation Fund</b>								<b>20,100,000</b>
<b>DfE Contribution to cumulative deficit</b>								<b>20,181,746</b>
<b>SEND Equalisation Reserve</b>		0	-1,300,000	-2,600,000	-3,900,000	-5,200,000	-6,500,000	-7,800,000
<b>Cumulative Reserve Funding</b>		0	-1,300,000	-3,900,000	-7,800,000	-13,000,000	-19,500,000	-27,300,000
<b>Charges against the fund:</b>								
Cumulative Deficit met from WBC Equalisation Fund								20,100,000
Costs of Mitigations - recurring general fund		250,000	1,128,000	1,140,560	1,153,371	1,166,439	1,179,767	1,193,363
Annual charge against the reserve		250,000	1,128,000	1,140,560	1,153,371	1,166,439	1,179,767	21,293,363
Cumulative Reserve Balance		250,000	78,000	-1,381,440	-4,128,069	-8,161,630	-13,481,863	11,500

## Next Steps

On the 13<sup>th</sup> January 2023 we shall be submitting the final Deficit Management Plan 'proposition' detailing the workstreams leading to the delivery of the balanced budget (as referenced in the paper to Schools Forum on 7<sup>th</sup> December 2022). This submission will also include a request for High Needs Capital Funding for the development of additional SEND provision.

A feedback meeting to discuss the Deficit Management Plan 'proposition' with the DfE/ESFA Safety Valve Team has been scheduled for the 24<sup>th</sup> January 2023, following which there may be opportunity to further tweak the 'proposition' in advance of final formal submission by 3<sup>rd</sup> February 2023.

In January 2023 we are also expecting to hear the outcome of the two bids for Special Free Schools, which form a key component of the Deficit Management Plan 'proposition'.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)			
Next Financial Year (Year 2)			
Following Financial Year (Year 3)			

<b>Other financial information relevant to the Recommendation/Decision</b>

<b>Cross-Council Implications</b> (how does this decision impact on other Council services, including properties and priorities?)

<b>Public Sector Equality Duty</b>
Please confirm that due regard to the Public Sector Equality Duty has been taken and if an equalities assessment has been completed or explain why an equalities assessment is not required.

<b>Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i></b>
Please state clearly what the impact of the decision being made would be on the Council's carbon neutral objective.

<b>Reasons for considering the report in Part 2</b>

<b>List of Background Papers</b>

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