

TITLE	2023/24 Final High Needs Block Budget
FOR CONSIDERATION BY	Schools Forum on 15 March 2023
WARD	None Specific;
LEAD OFFICER	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 work undertaken to date by the HNB Task & Finish Group
- note and comment on the planned increase on funding rates for Wokingham settings, from 1st April 2023, of:
 - 2.5% increase on mainstream hourly rate
 - 2.5% increase on resource base bandings
 - 4% increase on Addington School bandings
 - 4% increase on core funding for Foundry College

SUMMARY OF REPORT

To update Schools Forum on the approach to the 2023/24 High Needs Block Budget setting and increased funding rates for Wokingham settings from 1st April 2023.

The financial outlook for High Needs in Wokingham remains a significantly challenging position. However, the DSG Management Plan set out as part of the Safety Valve submission provides a road map to financial sustainability over a 6 year timeframe.

Against income of £28.4m, spend of £36.6m is anticipated for the 2023/24 financial year, driving a £8.2m in-year deficit. While this represents a 29% pressure in-year, this represents the peak of the expected deficit profile and is planned for within the overall programme that brings the position back to balance by 2028/29.

Review work by the HNB Task & Finish Group, and decisions taken on planned banding uplifts for the 2023/24 seek to balance pressures faced by settings from current inflation levels with the financial profile set out in the Management Plan.

2023/24 Final High Needs Block Budget March 2023

.01 Purpose of the Report

To update Schools Forum on the approach to the 2023/24 High Needs Block Budget setting and increased funding rates for Wokingham settings from 1st April 2023.

.02 Recommendation

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.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 2022 stood at £10.8m, and is projected to increase to £16.8m by the end of the current financial year.

Modelling on the longer term financial outlook has been undertaken and discussed with the DfE, as part of Safety Valve proposals, setting out delivery of a management plan to deliver in-year balance by 2028/29. Detailed budget setting decisions for the 2023/24 HNB have therefore been taken in the context of that longer term financial plan, and planned financial envelope for the coming 12 months.

.04 2023/24 High Needs Block Funding

Nationally, High Needs Block funding is increasing by £970m, or 10.6%, in 2023/24.

The total High Needs Budget of £9.7 billion announced in July 2022 has been increased by £400m, to £10.1 billion, as a result of additional funding announced through the Autumn Statement.

The impact of the Autumn Statement had previously been assumed at £1m for Wokingham, following advice received through the Safety Valve Programme. Figures have now been confirmed as £1.18m through the finance settlement received in December, however the additional funding also comes with conditions of grant on how this must be allocated to settings.

In addition to minimum funding guarantee for special schools of 3% over 2 years set out in the operational guidance at the summer, the autumn statement requires additional grant of 3.4% passed on to special, PRU and hospital school settings.

.05 High Needs Block Task & Finish Group

Members of the High Needs Block Task & Finish Group are as below, with support provided by relevant Council Officers:

- Corrina Gillard – Head Teacher, Emmbrook Infant School
- Debra Briault – Chief Operating Officer, The Circle Trust
- Raj Arava – School Business Manager, Foundry College
- Sara Attra – Head Teacher, Addington School

- Ming Zhang – Interim Assistant Director, Learning Achievement & Partnerships
- Jamie Conran – Head of SEND

The group has met three times since it was established in the autumn term to discuss in more detail the HNB model and outlook underpinning the DSG Management Plan, and the impact of the Safety Valve Programme.

Inflation provided the key focus for the Group at this time, given rising cost pressures on all settings significantly outstrip the resources available in the context of a 6-year balanced budget position.

.06 High Needs Block Budget Profile 2023/24

The financial outlook set out within the DSG management Plan and Safety Valve submission recognises the need for investment to ensure real change is delivered to provide longer term financial sustainability. This, taken with the expected timing of delivery of benefits from various aspects of the programme, meant that an increased pressure is anticipated for the 2023/24 financial year.

Against income of £28.4m, spend of £36.6m is anticipated for the 2023/24 financial year, driving a £8.2m in-year deficit. While this represents a 29% pressure in-year, this represents the peak of the expected deficit profile and is planned for within the overall programme that brings the position back to balance by 2028/29.

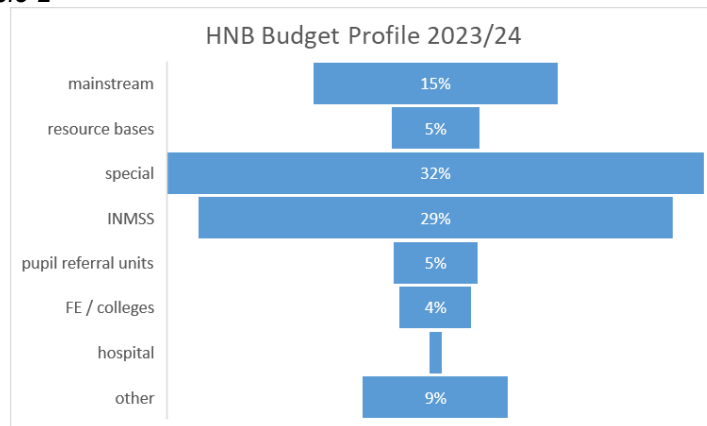
Table 1

	Year 1
	2023/24 £,000
TOTAL Mitigated HNB Projected Spend	36,585
Projected HNB income	-28,431
HNB In-Year Deficit	8,154

The financial profile within the Management Plan takes account of the impact of the programme, and therefore the 'mitigated' projection informs the budget plan. While much of the impact of the programme will be felt beyond 2023/24, traction of expected benefits will be monitored closely from the outset.

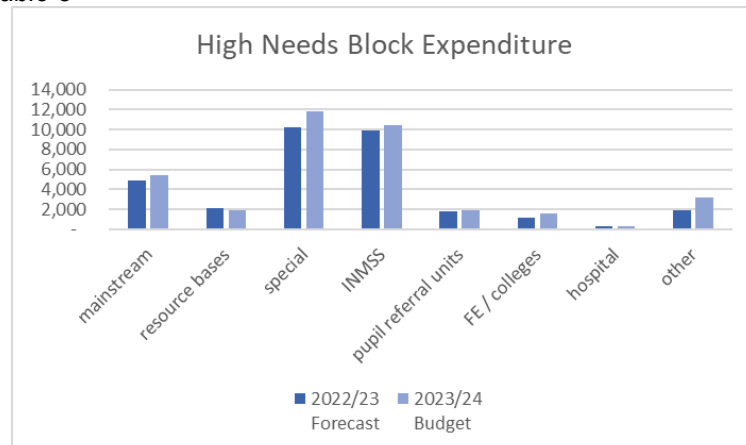
In summary, the planned expenditure profile within the HNB is as follows:

Table 2



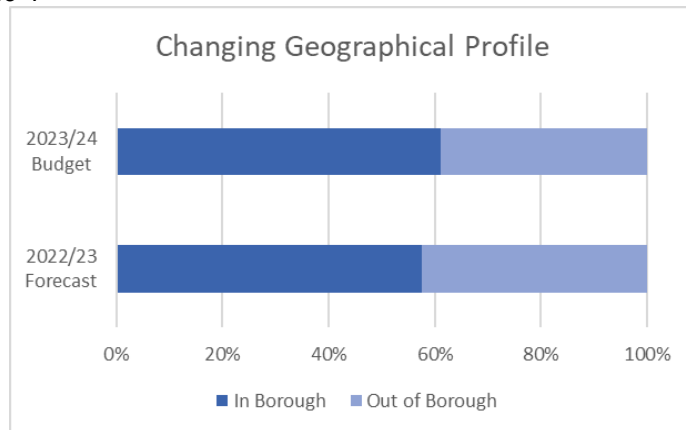
Against the 2022/23 forecast, this shows the start of the expected impact of additional special school places in borough that will increase over time.

Table 3



The 2023/24 budget plan also shows the start of that expected impact on spend in-borough compared to that beyond Wokingham.

Table 4



**FE colleges excluded from figures given all out of borough*

The full budget profile is provided in Appendix A.

Special Schools

Budget plans include cost profile as indicated at this time associated with the opening of Oak Tree and the new satellite site for Addington School.

Work remains ongoing with Addington on the detailed mechanism for passing over funding, however the expected cost envelope for the provision, including start-up and diseconomies of scale costs, has been agreed and planned for within budget figures.

Support for Inclusion / SEND Support

As set out above, it is recognised that investment is required to support delivery of the system changes necessary to deliver on SEND ambitions for Wokingham. Provision has therefore been made in the budget to support the programme in this area, building on previous amounts made available for the Inclusion Group etc.

In the interest of making informed decisions around the model of SEND support that is best for Wokingham children, families and settings, various models of SEND support are being investigated and evaluated. It is intended that stakeholders will have opportunities to contribute and plans will be shared and consulted on where appropriate over the coming months.

.07 Uplifts on Rates for 2023/24

Work undertaken in conjunction with the HNB Task & Finish Group, has sought to balance the significant cost inflation pressures faced by settings, with the funding requirements of the HNB Operational Guidance and the financial profile set out in the DSG Management Plan.

In summary, the approach taken was:

1. Calculate the 'what must we do':
 - a. MFG – 3% over 2 years compared to 2021/22 for local special schools
 - b. additional grant – 3.4% on 2022/23 average top-up per place for special schools, PRU & Hospital School
2. Consider respective level of increases applied for 2022/23 across our settings, reflecting on DfE's 2 year MFG approach
3. Review overall affordability within management plan model

The outcome of that work is therefore that from the 1st April 2023:

- 2.5% increase on mainstream hourly rate
- 2.5% increase on resource base bandings
- 4% increase on Addington School bandings
- 4% increase on core funding for Foundry College

Taken with the 3.4% additional grant to be passed on, this gives indicative increases for Addington School of 7.6% & Foundry College 6.5%.

Table 5

Setting	Tier	2022/23	2023/24
Mainstream	Hourly	£461.24	£472.77
Resource Bases	Band 3	£5,032	£5,157
	Band 4	£9,904	£10,152
	Band 5	£16,172	£16,576
	Band 6	£21,471	£22,008
Special - Addington	1	£14,608	£15,192
	2	£25,375	£26,390
	3	£38,346	£39,880

**Chiltern Way remains under SLA until 2024/25*

Inflation on INMSS Placements

As part of the South West & South Central framework, Wokingham applies an annual inflationary cap to requests from INMSS providers, with this being set at 2.5% for the 2022/23 financial year. This cap applies to all placements whether made through the framework or not.

While framework negotiations remain ongoing, it is clear that the level of requests being received by LAs is far beyond what is affordable within available resources. SEND Commissioners within Wokingham remain part of those framework discussions, however it is clear that the risks in this area will require to be carefully managed.

.08 **Forward Plan for HNB Task & Finish Group**

While the initial focus for the HNB Task & Finish Group has been on budget setting for 2023/24, the Group have confirmed commitment to ongoing work throughout the year to ensure that momentum remains.

The next meeting of the Group is planned towards the end of April and will review terms and reference and workplan for the coming 12 months.

In addition to ongoing Safety Valve dialogue, the following have been identified as key areas for discussion through the Group when it next meets:

- Proposals around future years block transfers
- Consultation arrangements for 2024-25
- Outcome of ongoing INMSS inflation negotiations
- Cost and profile of alternative provision as referenced in the revenue monitoring report on this agenda of Schools Forum.

.09 **Financial Summary**

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