

DEDICATED SCHOOLS BUDGET – HIGH NEEDS BLOCK UPDATE 2021-22

Purpose of the Report

1. To update schools forum on issues related to the high needs block for 2020-21 and a pre-briefing for the decisions that will need to be made as part of the budget setting process for 2020-21 at the January meeting.

Main Considerations

2. As outlined in the paper on the funding settlement for 2020-21 the high needs block provisional allocation for Wiltshire in 2020-21 is £57.529 million. The high needs block has been calculated according to the new national funding formula for high needs. Appendix 1 shows the calculation methodology for Wiltshire with a comparison to average local authorities. You will note that 36% of Wiltshire's funding is based on historical funding compared to national average of 33%. It is hoped that the long-awaited SEN review will address and re-balance the funding level. As previously reported to schools forum, Wiltshire is on the funding floor for the high needs NFF and therefore has received the minimum increase.

3.

	High Needs
2020-21	£51,987,188
2021-22	£57,528,558
Uplift	£5,541,370
% Uplift	10.66%

4. In addition to the outdated funding model, it has been nationally recognised that the level of funding for the most vulnerable pupils has been historically insufficient and included in the total allocation above is an additional £5.541m announced by the government in July. Whilst this additional funding is most welcome, it does not fully address the magnitude of the cumulative pressures from previous financial years nor does it fully address the anticipated pressure for 2021-22 financial year for Wiltshire.
5. In terms of decision making for the high needs block the guidance on schools forum powers and responsibilities states that all central spend on high needs block provision is decided by the local authority. This would include decisions on top up values. Final allocations are expected later this month, taking the latest census data into account. Because of this and the interdependencies of decisions across all the funding blocks, final decisions on high needs will be presented alongside those that schools forum is required to make on all of the other blocks in January.

Projected Demand on High Needs Block

6. Appendix 2 provides an early assessment of pressure on the high needs block for 2021-22. These are summarised in the table below:

Pressure	£M estimate
Additional Pressure to meet current Spend levels <i>(based on October 2020 forecast overspend over and above additional HNB pupil led funding)</i>	10.144
New funding for centrally employed teacher pension contributions	(0.152)
Estimate of increase in planned places in school (to be confirmed in January)	1.269
Estimated Cost increase based on planned reduced EHCP rate of increase 2021-22 <i>Demand for placements with schools, colleges and external providers is based on SEN planning demography of 11.12%.</i>	4.716
Estimated Contract Inflation 2021-22 @ 2% <i>External Provider Contract inflation is added to Independent Special School Fees and SEN alternative provision at 2%</i>	0.348
Pay Inflation for SEN teams at 0% flat rate <i>The Chancellor has announced a public sector pay freeze to all staff with a salary of £24,000 and above – further detail is awaited</i>	0.000
Savings as per HNB recovery plan	(2.260)
Total Estimated Cost Pressure for 2020-21	14.063

Local Authority Development Fund – “FACT” Flexible Use of Capital Receipts To pump prime and facilitate savings plans	£1.468M
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7. This estimate includes the following assumptions:

- a. Numbers of places for special schools, resource bases and enhanced learning provision (ELP) increase following the place number review.
- b. That the split of funding for the early years inclusion support fund continues to be fully funded from the early years block.

DfE Allocation and Other Potential Funding Options

8. It is not possible to fully fund the pressures above from within the high needs block. In order to partially fund the pressures on the high needs block, the following model could be implemented which includes a transfer from Schools Block.

	£M
DfE HNB Allocation for 2021-22	57.529
Transfer from Central Block (surplus)	0.195
Transfer from Schools Block 0.5%	£1.400
Excess Growth Fund	£TBC
Estimated funding shortfall	£8.091

9. In balancing the budget, it is recommended that;
- a. There is a transfer from the Central Block to High Needs Block – as previous years, any unallocated CSSB is transferred to contribute to the high needs pressures.
 - b. Taking into account the wishes of schools who responded to the Autumn consultation, that there is a transfer of Schools Funding to High Needs Block of 0.5% - approximately £1.4 million to be transferred from Schools Block. This will be dependant on the decisions made by the forum around the schools formula.
 - c. It is possible that the DfE estimated growth fund surplus to estimated growth fund requirements for 2021-22. In the January decision report suite, Schools Forum will be asked to consider the growth fund level.
 - d. The recovery actions of the High Needs Block working group are as presented to Schools Forum are progressed. These assumes a level of success when working with schools on inclusion policy for children and young people.
 - e. Earmarked funding as part of the FACT programme is maximised in order to facilitate changes required to achieve savings.

DSG Reserve

10. The current forecast overspend on the School Funding reserve is £19.916m. This is currently being cash flowed by the local authority.
11. This level of deficit has triggered the requirement to submit a DSG recovery workbook to the DfE. This needs to be signed off by Schools Forum when the 21-22 budget is set. A further report outlines the requirement and draft plan.

Proposals

12. Schools Forum is asked to note the pressures on the high needs block for 2021-22 and the potential options to reduce the shortfall against high needs budgets including agreeing a transfer from Schools Block to balance the high needs pressures. This will be considered in full at the January 2021 meeting.

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Appendix 1 - Calculation methodology for Wiltshire with a comparison to average local authorities.

Appendix 2 – Early assessment of pressure on the high needs block for 2021-22.