

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 2021-22 and the decisions that will need to be made as part of the budget setting process for 2021-22.
2. Schools Forum will recall the budget proposal was approved in principle at the December meeting and the only changes since this are the now confirmed planned places for September 2021 and the DSG management plan in appendix 2 (*to follow*).

Main Considerations

3. As outlined in the paper on the funding settlement for 2021-22 the high needs block provisional allocation for Wiltshire in 2021-22 is £57.529 million. The high needs block has been calculated according to the new national funding formula for high needs. As previously reported to schools forum, Wiltshire is on the funding floor for the high needs NFF and therefore has received the minimum increase.
4. The table below shows the allocation and increase on 20-21:

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

5. 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. In addition to this, a more relevant formula model is anticipated following the outcome of the DfE consultation SEN review.
6. 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. 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.

Projected Demand on High Needs Block

7. Appendix 1 provides an early assessment of pressure on the high needs block for 2021-22. These are summarised in the table overleaf:

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 including estimated top ups	1.811
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	14.606

8. 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

9. 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)	0.192
Transfer from Schools Block 0.5%	£1.500
Excess Growth Fund	£TBC
Estimated funding shortfall	£6.943

10. 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 £1.5 million to be transferred from Schools Block. This will be dependent 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 Deficit Reserve & Management Plan

- 11. The current forecast overspend on the School Funding reserve is £19.898m. This is currently being cash flowed by the local authority.
- 12. This level of deficit has triggered the requirement to submit a DSG Management Plan to the DfE. This has been completed by the High needs recovery group and will be encompassed into the governance and sign off alongside the Council's budget and Schools Budget for 21-22 by Members at Council at the February meeting. The draft is attached as Appendix 2 (*to follow*). This document pulls together the work of ISOS, the High Needs Recovery Group and the SEN and Inclusion Strategy 2020 and is a requirement of the DfE and as such needs to be signed off by Schools Forum alongside the 21-22 budget setting papers.

Proposals

- 13. 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 form part of the decision-making matrix – our final report at today's meeting.
- 14. Schools Forum is asked to approve the draft DSG Management Plan for presenting to Cabinet and submission to the DfE.

Report Author: Marie Taylor,

Head of Finance, Children and Education

Tel: 01225 713676

e-mail: marie.taylor@wiltshire.gov.uk