

DEDICATED SCHOOLS BUDGET – HIGH NEEDS BLOCK UPDATE 2022-23

Purpose of the Report

1. To update Schools Forum on issues related to the high needs block for 2022-23 the decisions that will need to be made as part of the budget setting process for 2022-23.
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 2022 and the DSG management plan in discussion with the DfE.

Main Considerations

3. As outlined in the paper on the funding settlement for 2022-23 the high needs block provisional allocation for Wiltshire in 2022-23 is £62.691 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. In addition to the allocation, and as with schools block, a later supplementary allocation of £2.415 million has been added – this is to fund the cost burden of the health and social care levy and other cost pressures.
4. The table below shows the allocation and increase on 20-21:

	High Needs
2022-23	£62,690,534
2021-22	£57,528,558
Uplift	£5,161,976
% Uplift	8.97%
Supplementary Allocation for 2022-23	£2,414,704

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 £5.162m 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 2022-23 financial year for Wiltshire. In addition to this, a more relevant formula model is anticipated following the outcome of the DfE consultation SEN review which is now anticipated in the first quarter of 2022.
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 2022-23. The bases for the estimate are summarised 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>	9.656
Estimate of increased planned places in Wiltshire specialist provision <i>(subject to further change in February)</i>	0.542
Estimated Cost increase based on planned reduced EHCP rate of increase 2022-23 <i>Demand for placements with schools, colleges and external providers is based on SEN planning demography of 11%, pro-rated to 8% to take into account the phasing of requests.</i>	3.804
Estimated Contract Inflation 2022-23 @ 4% <i>External Provider Contract inflation is added at the Bank of England forecast CPI rate for 22-23</i>	1.064
Pay Inflation for SEN teams at 2% flat rate This reflects the Council standard which is based on the Bank of England forecast CPI for 2022-23 financial year	0.073
TSP – new for 2021-22	1.000
Increase Day 6 provision	0.100
Increase ISF – high needs contribution	0.180
Rounding	(0.130)
Total Estimated Cost Pressure for 2022-23	16.290
Movement in assumed transfers from CSSB and SB	0.032
Increase in 2022-23 HNB from the DfE	(5.162)
Budget Estimate reduction – to align with DfE allocation	(11.160)
Additional Supplementary Funding 2022-23	£2.415

DfE Allocation and Other Potential Funding Options

8. It has been the preference of Schools Forum in previous years to prioritise and protect rates of named pupil allowance and top up funding to ensure inclusivity is possible. The budget proposal assumes this is still the approach and therefore transfer is proposed as below.
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 other blocks.

	£M
DfE HNB Allocation for 2022-23	62.354
Transfer from Central Block (surplus)	0.227
Transfer from Schools Block 0.5% (if affordable)	1.643
Excess Growth Fund (if affordable)	£TBC
Estimated funding shortfall	£11.160

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 £1.643 million to be transferred from Schools Block. This will be dependent on the decisions made by the Forum around the schools formula and affordability of the transfer.
- c. It is possible that the DfE estimated growth fund surplus to estimated growth fund requirements for 2022-23. Any underspent growth fund will contribute to the overall DSG deficit position next year. 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 continue and Schools Forum monitor these in conjunction with ongoing discussions with the DfE.
- e. Cabinet is requested to roll forward any unspent transformation funds from their flexible use of capital receipts powers.

Supplementary Funding

11. The DfE have allocated an amount of £325 million nationally following the publication of the DSG 2022-23 allocations. £2.415 million has been allocated to Wiltshire (0.74%). The supplementary grant is
12. These allocations are on top of the DSG high needs block allocations calculated under the national funding formula but are subject to the same DSG conditions of grant. This extra funding recognises the additional costs that local authorities and schools will face in the coming year, which were not foreseen when the original high needs block allocations were calculated, including the Health and Social Care Levy.
13. The additional funding also takes into account that colleges and other providers offering extra hours of study to students with high needs may require extra high needs top-up funding to support those students.
14. Due to the lateness of these allocations, detailed modelling has not taken place, officers are meeting South West peers on the 12th January to discuss and share modelling ideas.
15. Wiltshire's preferred approach prior to this meeting was to set up interim arrangements supporting specialist planned places for 12 months during 2022-23 as well as allowing for increases in externally commissioned provision. This will allow more time for consultation with schools and parent carers via the Wiltshire Parent Carer Council. The proposal will be a banding review with the supplementary funding increasing the on-going base budget available for distribution.
16. Appendix 1 shows the proposed approach to applying this grant. The DfE have been clear that they expect local authorities to increase funding to special schools, pupil referral units and further education. There will inevitable be cost pressure from externally commissioned services. Schools Forum views are sought on this approach.
17. Methodology is to apply 3% to the overall special school funding quantum, to apply 2% to mainstream specialist place and top up rates and named pupil allowances to take into account the schools block supplementary funding, to add 3% to the value of the secondary alternative provision service level agreement, to increase further education top up budget by £1.038m as per the DfE guidance and other relevant budgets 2% to offset fee increases.

18. For 2022-23, officers will liaise with all school consultative bodies, the Wiltshire Alliance, WASSH and PHF as it is particularly important that any interim arrangements are known and understood by all school leaders.

DSG Deficit Reserve & Management Plan

19. The current forecast overspend on the School Funding reserve is £26.555m. This is currently being cash flowed by the local authority. Plans are underway for the S151 to write to both the DfE and the MHCLG to express concerns around financing of this deficit.

20. Schools Forum will recall there is much national lobbying around adequate and appropriate funding models and the majority of local authorities have deficit DSG reserves with few recovery arrangements leaving them able to fully deploy their statutory responsibilities around these learners. The outcome of the SEN Review is awaited with interest.

21. The plan is currently in draft and is scheduled to be discussed with the DfE early this year, the plan will be shared with Schools Forum when agreed with the DfE.

Proposals

22. Schools Forum is asked to note the pressures on the high needs block for 2022-23 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.

23. Schools Forum is asked to note the continuation of recovery actions feeding into the DSG Management Plan and that this will be brought to a future Schools Forum meeting as part of the High Needs Recovery Update report.

24. Schools Forum is asked to provide views on the approach and approve the approach to deploy supplementary funding in 2022-23 and including future funds into a banding review thereafter.

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