

HIGH NEEDS BUDGETS 2016-17

Purpose of the Report

1. To summarise the key pressures on the high needs budget for 2016-17.
2. This paper will need to be considered in conjunction with a supplementary paper to be issued prior to the meeting outlining options to reduce costs.

Background

3. Schools Forum considered a report on the cost pressures impacting on the High Needs block for 2015-16 in March 2015. This report can be accessed using this [link](#) .
4. At that meeting savings proposals of £1.465m were agreed in order to reduce the impact of these cost pressures on the high needs budget and ensure a balanced budget at the end of 2015-16. A “RAG Rating” of these savings was presented to Schools Forum in June 2015 indicating those savings that had been achieved and those that would be more difficult to achieve in the year. Since that report an alternative method of achieving savings against unfilled high needs places has been implemented on the advice of the Education Funding Agency (EFA). This was reported to Schools Forum in November 2015.
5. High needs budgets have continued to be under pressure during 2015-16 and despite the implementation of savings proposals are projected to overspend in this financial year. Pressures have arisen from increased activity as well as increased unit costs and this means that costs are expected to increase further in 2016-17 unless further actions are taken.

Main Considerations

Budget Monitoring 2015-16

6. High Needs budgets within the 0-25 SEND Service are projected to overspend by £1.972m in 2015-16. A planned underspend against the budget for Hard to Place Pupils (Alternative Provision) and a small underspend against the Assisted Places budget reduce the overall overspend on high needs budgets to **£1.733m**. The two key areas of overspend are the Independent Special Schools budget and the Named Pupil Allowances budget.
7. The attached summary of savings implemented in 2015-16 (**Appendix 1**) indicates that £1.061m cost reductions were achieved during the year with a further £0.243m having been partially achieved. Without these savings the overspend in 2015-16 would have been greater. It is not anticipated that all of these savings can be continued in to 2016-17 however all projections for costs in 2016-17 have assumed the current top up levels apply.
8. It is expected that the overspend at the end of the year will exceed the level of reserves. The balance on the earmarked Dedicated Schools Grant (DSG) reserve carried forward from 2014-15 is £1.490m. The first call on DSG for 2016-17 will therefore be to meet the deficit on the DSG reserve.

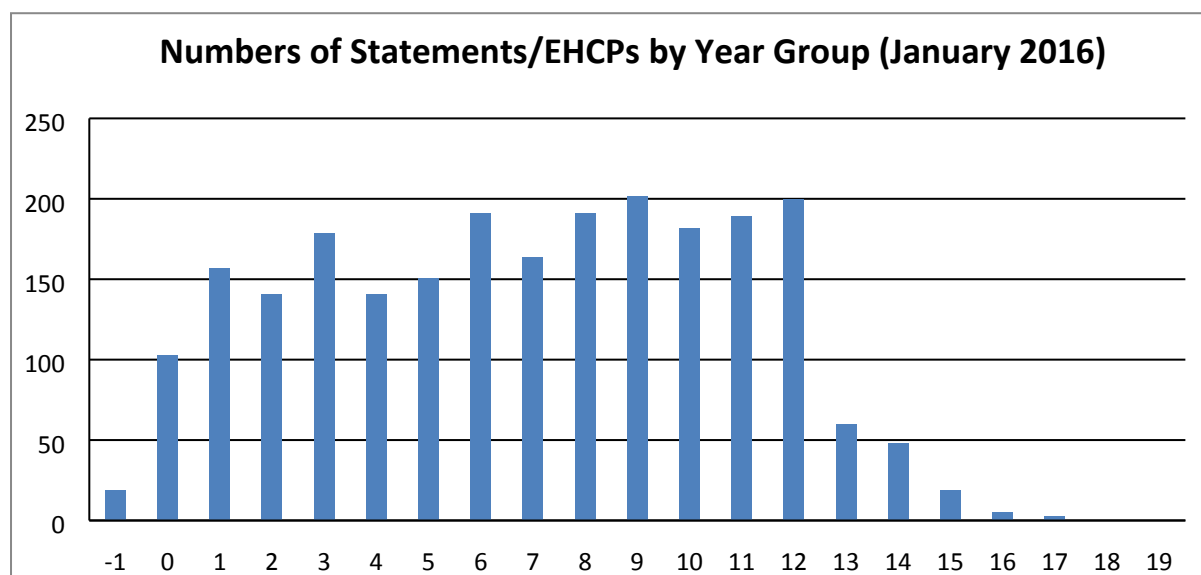
Activity and Costs 2015-16

9. A review of activity indicates that the numbers of Statements/Education, Health & Care Plans (EHCP) has increased both at Post-16 and also for primary aged children over the last two years. The increase in Post-16 students with a Plan would be expected as this is a new responsibility within that time period. However the increase in the numbers of 5-10 year olds with a plan has also had a significant financial impact, particularly on the Named Pupil Allowance (NPA) budget.

Numbers of Statements/EHCP by Age

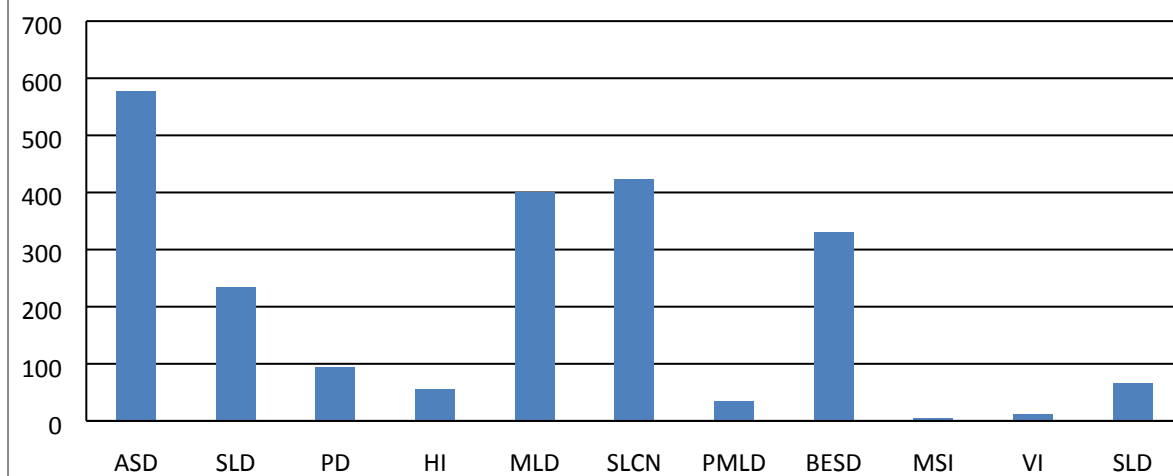
| age | Jan 2014 | Jan 2015 | Jan 2016 (provisional) | Change 2014-2016 | % change 2014 to 2016 |
|--------------|-------------|-------------|------------------------|------------------|-----------------------|
| Under 5 | 93 | 113 | 112 | +19 | 20% |
| 5-10 | 729 | 784 | 965 | +236 | 32% |
| 11-15 | 916 | 942 | 926 | +10 | 1% |
| 16-19 | 128 | 153 | 336 | +208 | 163% |
| 20-25 | - | - | 8 | +8 | |
| Total | 1866 | 1992 | 2347 | +481 | 26% |

10. The January 2016 numbers can be broken down by school year group as follows:



11. A breakdown of the January 2016 numbers by type of need is shown below:

Statements/EHCPs By Type of Need (January 2016)



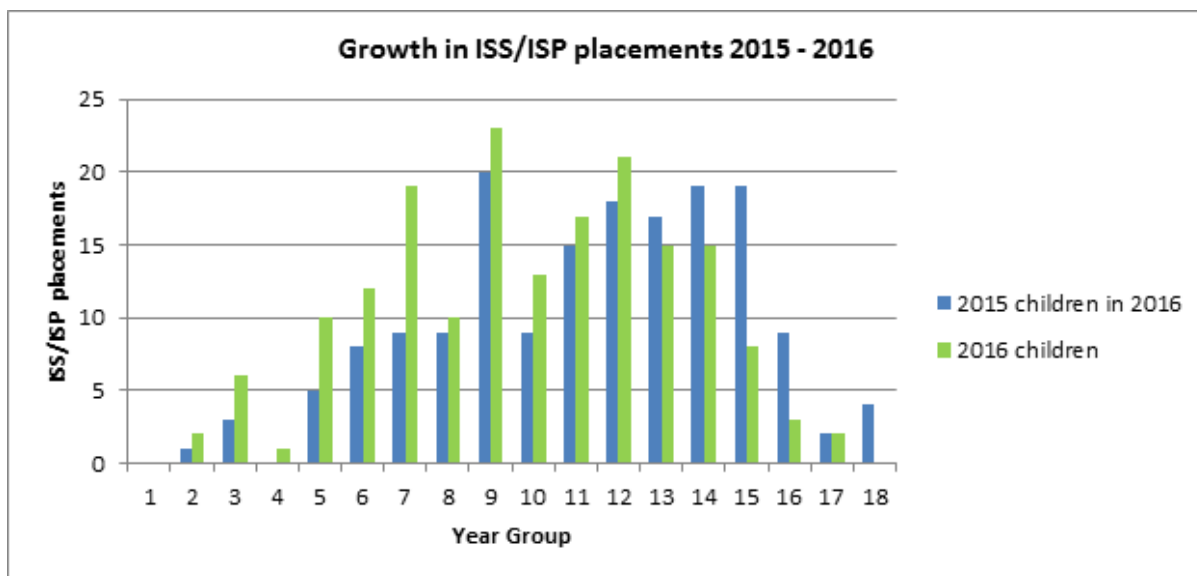
Key:

Autistic Spectrum Disorder (ASD)
 Severe Learning Difficulty (SLD)
 Physical Disability (PD)
 Hearing Impairment (HI)
 Moderate Learning Difficulty (MLD)
 Speech, Language and Communication Needs (SLCN)
 Profound and Multiple Learning Difficulty (PMLD)
 Behaviour, Emotional and Social Difficulty (BESD)
 Multi-Sensory Impairment (MSI)
 Visual Impairment (VI)
 Specific Learning Difficulty (SpLD)

12. **Appendix 2** analyses expenditure on top-up payments for pupils with high needs in 2015-16 against budget and also against budgeted activity. The analysis shows higher than budgeted activity within the Named Pupil Allowance (NPA) budget and that the number of placements in Independent Special schools (ISS) has increased, as has the unit cost of placements. The NPA budget also overspent in 2014-15 however the ISS budget is projected to overspend for the first time in a number of years.
13. Spend on ISS placements has increased by £0.9m in 2015-16. Whilst the number of residential placements has remained consistent over the last 3 years, the number of pupils in day placements has increased from 55 in 2014-15 to 70 in 2015-16, an increase of 44%. If this trend continues then the ISS budget will be under even further pressure in 2016-17.
14. The following table shows the movement in pupil numbers and costs across the different types of ISS placements. Note that the projection for 2016-17 is based on known placements only.

| ISS (cc 12850 Pre 16yrs) | | | | | | Annual | |
|--------------------------|----------------|----------------|--------------|-------------------------------|-------------------|--------------------------|----------------------------|
| Financial Year | Placement Type | No of children | FTE | Average annual cost per child | Total annual cost | increase on fte children | Annual % increase on costs |
| 2013-2014 | 38 Weeks | 10 | 9.18 | 24,599 | 245,990 | | |
| 2013-2014 | 52 Weeks | 10 | 9.97 | 42,943 | 429,428 | | |
| 2013-2014 | Boarding | 14 | 10.76 | 28,426 | 397,962 | | |
| 2013-2014 | Day | 37 | 31.86 | 23,588 | 872,772 | | |
| 2013-2014 | Weekly | 2 | 3.11 | 57,437 | 114,875 | | |
| 2013-2014 | Totals | 73 | 64.88 | 31,768 | 2,061,027 | | |
| 2014-2015 | 38 Weeks | 11 | 9.31 | 31,715 | 348,870 | 1% | 42% |
| 2014-2015 | 52 Weeks | 12 | 9.17 | 47,820 | 573,839 | -8% | 34% |
| 2014-2015 | Boarding | 12 | 8.67 | 24,155 | 289,855 | -19% | -27% |
| 2014-2015 | Day | 55 | 41.77 | 23,859 | 1,312,248 | 31% | 50% |
| 2014-2015 | Weekly | 3 | 1.42 | 25,461 | 76,383 | -54% | -34% |
| 2014-2015 | Totals | 93 | 70.34 | 36,982 | 2,601,194 | 8% | 26% |
| 2015-2016 | 38 Weeks | 11 | 9.52 | 44,472 | 489,195 | 2% | 40% |
| 2015-2016 | 52 Weeks | 11 | 10.76 | 64,009 | 704,095 | 17% | 23% |
| 2015-2016 | Boarding | 11 | 8.57 | 33,950 | 373,453 | -1% | 29% |
| 2015-2016 | Day | 70 | 59.04 | 27,001 | 1,890,100 | 41% | 44% |
| 2015-2016 | Weekly | 2 | 2.00 | 37,037 | 74,074 | 41% | -3% |
| 2015-2016 | Totals | 105 | 89.88 | 39,283 | 3,530,918 | 28% | 36% |
| 2016-2017 ¹ | 38 Weeks | 12 | 10.67 | 51,988 | 623,855 | 12% | 28% |
| 2016-2017 | 52 Weeks | 11 | 9.08 | 62,021 | 682,226 | -16% | -3% |
| 2016-2017 | Boarding | 10 | 9.83 | 32,751 | 327,510 | 15% | -12% |
| 2016-2017 | Day | 70 | 59.83 | 28,611 | 2,002,738 | 1% | 6% |
| 2016-2017 | Weekly | 3 | 2.83 | 58,724 | 176,171 | 42% | 138% |
| 2016-2017 | Totals | 106 | 92.25 | 41,328 | 3,812,500 | 3% | 8% |

15. Looking across all external placements, a breakdown of the year groups for ISS and Independent Specialist Provider (ISP) placements indicates a particular increase in the numbers of placements for pupils in years 5, 6 and 7 and a decrease in the numbers of ISP placements post-16 as more young people have been successfully brought back in to Wiltshire.



16. The increase in activity and overall numbers of pupils being supported by plans is also impacting on other budgets within the overall DSG budget. For example, amounts paid to schools through the formula for exceptional numbers of Statements have also increased from £35,000 (8 schools) in 2013-14 to £91,000 (13 schools) in 2015-16.

17. There is also an impact on Local Authority budgets, in particular the SEN Transport budget which is projected to overspend as a result of increased numbers of pupils and students receiving transport.

Impact on 2016-17 Expenditure

18. Trend analysis has been used to estimate the likely costs of top-up payments in 2016-17. Where no trend can be identified, for example post-16, the projection is based on known placements and an estimate of new starters at average unit cost. Using this methodology it is estimated that spend in 2016-17 will be £1.3m above current spend levels.

19. Cost pressures for 2016-17 can therefore be summarised as follows:

| | £m |
|--|--------------|
| Expenditure above current budget | 1.900 |
| Additional demand 2016-17 | 1.331 |
| Requirement to bring DSG reserve back to balance | 0.203 |
| Total | 3.434 |

20. The report on the 2016-17 funding settlement considered by Schools Forum in January 2016 identified growth in high needs funding of £0.823m. After adjustments for places in Non-maintained special schools paid directly by the EFA the net growth is £0.745m. This has been added to the top-up budgets for 2016-17 and reduces the total cost pressure to **£2.689m**.

Options 2016-17- Principles

21. A supplementary paper to this agenda will focus on potential options to reduce costs in 2016-17. Where resources are limited the key principles that need to be applied are (1) that funding needs to be targeted towards the right needs and (2), funding needs to be allocated to “follow the pupil” rather than be tied up in supporting places where there is limited need.

22. In order to meet these principles two main actions need to be implemented:

- a. **Top Up Funding** – a proposed new banding system across all types of provision in Wiltshire maintained schools and academies has been developed in consultation with schools. This will result in a consistent set of descriptors and band values across all top ups from NPAs in mainstream provision through to Special Schools. Initially it had been anticipated that the implementation of the new bands would be phased and applied through annual reviews. It is now proposed that the new bands will be applied to all pupils and students with effect from 1st April 2016;
- b. **Place Funding** - a review of high needs places has taken place for 2016-17 and place numbers agreed with the Education Funding Agency (EFA). This will ensure that place funding is targeted towards highest need. The overall impact of the review is revenue neutral but the outcome will be to reduce funding of unfilled places and also reduce the need to support additional places in other schools.

23. In discussion with the Schools Funding Working Group and the SEN Working Group it has also been agreed that process reviews need to be carried out of the decision making panel and moderation exercises to ensure that funding decisions are robust and consistent.

24. Implementation of the new banding system will ensure a consistent approach to funding needs of pupils across all types of provision within Wiltshire Schools. Schools Forum will then need to consider the financial values to be applied to those bands taking in to account the pressures on the 2016-17 budget. The results of modelling work to assess potential band values will be presented in a supplementary paper.

Proposals

25. Schools Forum is asked to note the current and projected position in relation to High Needs budgets.

26. Schools Funding is asked to endorse the implementation of the new banding system for pupils with high needs with effect from 1st April 2016.

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