

HIGH NEEDS BUDGETS – BANDING EXERCISE & TOP-UP VALUES 2016-17

Purpose of the Report

1. This is a supplementary paper on the 2016-17 high needs budgets outlining the further work that has been completed on the application of new banding descriptors and modelling options for top-up values in 2016-17.
2. The paper needs to be considered in conjunction with the general paper on high needs budgets which sets the context for the cost pressures in 2016-17.

Background

3. The paper on high needs budgets 2016-17 identifies that where resources are limited the key principles that need to be applied in allocating those resources 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. In order to achieve savings these principles need to be in place and it was recommended at a joint meeting of the Schools Funding Working Group and SEN Working Group that the new banding methodology should be implemented as a matter of urgency to ensure resources are targeted in a consistent way across all types of provision.
4. The outcome of the rebanding exercise is summarised in Appendix 2 to this report. The summary shows the estimated cost at the initial top up values proposed as part of the banding exercise and the impact of reduced values. Schools Forum will need to agree top up values for 2016-17 taking in to account the cost pressures on the high needs budget.

Main Considerations

Top Up Values 2016-17

5. The SEND Team have worked to apply the new proposed banding descriptors to all pupils currently receiving support through Named Pupil Allowances (NPA), Enhanced Learning Provision (ELP), Resource Bases and Special Schools. This enables all pupils to be placed on to a consistent set of bands across all types of provision. The band values applied in the initial rebanding exercise are:

Band	Day	Residential
	£	£
0	-	-
Lower 1	2,090	9,919
Upper 1	4,180	16,113
Lower 2	6,271	25,570
Upper 2	8,361	32,658
3	12,188	39,687
4	17,801	53,745

6. The summary in Appendix 2 indicates that the new cost of top ups under the new banding system is £11.005m. This is a reduction of £0.482m compared

with the projected cost of the same pupils under the current banding system. It is important to note that the full reduction may not be realised as Special Schools will be subject to a Minimum Funding Guarantee (MFG) adjustment if their total budgets are reduced by more than 1.5%. Experience from 2015-16 indicates that the maximum reduction likely to be applied across the special school budgets will be approximately £0.1m although the detail of the calculation needs to be worked through. This means that the reduction in cost arising from the new banding system before any further reductions to top up values are applied is approximately £0.380m.

7. The previous report on high needs budgets indicated that there is a cost pressure of up to £2.6 million against high needs budgets in 2016-17. Further savings therefore need to be achieved and a number of options for the reduction of top up values have been modelled. The overall impact is shown in Appendix 1. Two different approaches have been taken:
 - 1) A percentage reduction in top up values which impacts across all band values in the same way;
 - 2) A flat rate reduction which will impact more significantly on the lower band values whilst protecting the higher values.
8. The band values resulting from each option are shown in Appendix 1.
9. Appendix 2 shows the total that would be achieved from mainstream provision for each option. As noted in paragraph 6 above a MFG adjustment would be applied to special school budgets and the estimated saving from special schools is approximately £0.1m.
10. The maximum saving that could be achieved from the options presented in this paper would be approximately £1.5m from top up values if a flat rate reduction of £1,000 were applied. In setting the final top up values the level of saving would need to be weighed up against the impact on provision of the reduction in funding.

Further areas for reducing costs

11. The bulk of the funding within the high needs block is utilised in the funding of places and top up payments for individual pupils. Savings are therefore achieved through reduction in the value of payments or through reduced demand/activity. The previous report on this agenda identified a significant increase in activity supported by the high needs budgets and the estimate of pressures for 2016-17 has assumed this increase will continue at a similar rate. This particularly impacts on the Independent Special Schools (ISS) budget as growth at 2015-16 levels would result in a further increase in costs of over £0.4m. If the numbers of new ISS placements can be reduced then the overall cost pressure will also reduce.
12. Other cost reductions could also be grouped under the heading of savings through practice. The introduction of the Band 0 will clarify the provision that mainstream schools are expected to deliver for the first £6,000 within their delegated budget. Whilst this is not a cost reduction measure in itself it will ensure consistency in the consideration of banding requests. Process reviews will also take place of the overall decision making and the banding moderation processes to ensure they are working effectively.

Proposals

13. Schools Forum is asked to determine the values of top up payments for each band in 2016-17.

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