

DEDICATED SCHOOLS BUDGET – HIGH NEEDS BLOCK UPDATE 2018-19

Purpose of the Report

1. To update schools forum on issues related to the high needs block for 2018-19 and the decisions that will need to be made as part of the budget setting process for 2018-19.

Main Considerations

2. As outlined in the paper on the funding settlement for 2018-19 the high needs block allocation for Wiltshire in 2018-19 is £45.079 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 level of increase.
3. The high needs block has been rebased to reflect the transfer of funding to schools block for the change in funding for resourced provision, and to reflect the transfer of funding from schools block agreed by schools forum in January 2017.
4. 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 the interdependencies of decisions across all of the funding blocks, decisions on high needs are being presented alongside those that schools forum is required to make on all of the other blocks.

Projected Demand on High Needs Block

5. An initial estimate of pressures on the high needs block for 2018-19 is summarised in the following table which shows an estimated shortfall in 2018-19 of £0.843m:

	£m
Budgeted Spend 2017-18	47.070
Adjustment for change in Resourced Provision funding	(2.365)
Adjusted Baseline 2018-19	44.705
Additional Pressure to meet current Spend levels (17-18 budget overspent)	1.248
Estimated demand on top up budget 2018-19 (NPA, ISS,ISP and FE places)	(0.031)
Estimated demand on high needs block 2018-19	45.923
High needs allocation	45.079
Estimated Surplus/(Shortfall) 2018-19	(0.843)

6. This estimate includes the following assumptions:
 - a. Top up values remain unchanged from 2017-18 levels
 - b. Demand for placements in independent special schools (ISS) and independent specialist providers (ISPs) is based on known placements and trends for increases during the year.

- c. Demand for Named Pupil Allowances (NPAs) continues to increase whilst numbers of places for special schools, resource bases and enhanced learning provision (ELP) remain broadly static in line with the place number review. It should be noted that the average cost of top ups, particularly for NPAs and Post-16, has reduced during 2017-18 meaning that whilst activity is still projected to increase in 2018-19, costs are not expected to increase at similar levels to previous years if current unit costs are applied.
 - d. That the split of funding for the early years inclusion support fund remains as agreed in 2017-18 ie, £0.357m from high needs block and £0.110m from early years block
 - e. That any underspend against the funding allocated for SEMH developments is rolled forward to continue to support development in 2018-19.
 - f. That there is no transfer of funding between DSG blocks.
7. In order to address the shortfall a number of options will need to be considered. Some potential options are highlighted in the following paragraphs.
 8. **Top Up Values** – the biggest area of spend within the high needs block is expenditure on top up values. Top up values are assumed to remain static in 2018-19 but a proposal could be made to reduce values. The risk associated with this proposal is that any reduction would increase the pressure further on school budgets.
 9. **Early Years Inclusion Support Fund** – the guidance on early years funding requires councils to have an inclusion support fund in place to support pupils with high needs in early years settings. This support can be funded from the high needs block or from the early years block. In Wiltshire £0.357m of the fund comes from the high needs block and £0.110m from the early years block. This balance could be altered. If the contribution from early years block is increased the impact would be on the basic hourly rate paid to providers for the entitlement for 3 and 4 year olds.
 10. **Release any underspend from the SEMH developments budget** – this is considered in a separate paper on this agenda. If the current underspend against these developments were released this would give a one off benefit of £0.360m in 2018-19 but would mean that funding would only be available for the development of one SEMH centre.
 11. **Consider other items of spend within high needs block** – areas of spend within the high needs block could be reviewed to identify further areas for saving.
 12. **Review items of expenditure within CSSB** – areas of discretionary spend within the CSSB could be reviewed.
 13. **Movement of funding from schools block** – the operational guidance allows for local authorities to move up to 0.5% from schools block to high needs block with the approval of schools forum. This would release an additional £1.3m for high needs spend but would reduce the funding available to distribute to schools in the mainstream formula.

Proposals

14. Schools Forum is asked to note the pressures on the high needs block and consider potential options to reduce the shortfall against high needs budgets.

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