

DEDICATED SCHOOLS BUDGET – HIGH NEEDS BLOCK WORKING GROUP UPDATE

Purpose of the Report

1. To examine the current position of the forecast expenditure within the High Needs Block (HNB) alongside the position of other neighbouring local authorities.
2. To present an update including mitigating actions proposed from the work of the group so far for further exploration

Main Considerations

3. The first budget monitoring report as at 31st August 2018 to Schools Forum identified a £1.2 million overspend. The High Needs Working Group was set up in September to identify contributing factors and to make proposals to reduce the cost pressure on the high needs block.
4. Members of the group comprise Wiltshire headteachers, a representative from the Wiltshire Parent Carer Council (WPCC) and local authority officers from Childrens Services including commissioning, SEN and finance.

Background

5. The High Needs Block expenditure has exceeded the Block allocation for a number of years. All schools receive funding from the HNB through named pupil allowances (NPA), resource base top ups and ELPs and top ups. These overspends have been previously offset by underspends in other funding blocks.

Year:	HNB Variance:	Year end DSG reserve:
15/16	£1.855M	£0.591M
16/17	£1.02M	£0.583M
17/18	£1.70M	£0.846M
18/19	Forecast £4.125M	Estimated forecast (£2.427M) DEFICIT

6. This significant overspend must be viewed alongside national factors. Nationally, Wiltshire is seventh from the very lowest funded local authority in the Country for Education.
7. The demand for high needs funding is out-stripping the funding available to local authorities across the country, resulting in serious budget deficits in the high needs block in over half of all local authorities. Many are finding it extremely difficult to recover these deficits and cuts to existing high needs services and pupil top-up funding makes what provision that is available simply unsustainable.
8. There is an emerging crisis in high needs funding, created in part by the continued use of historic funding levels, that Fair Funding Groups, local authorities and Schools have been keen to urge government to address before permanent damage is done to our most vulnerable pupils.
9. Any national solution will need to be an increase in the base budget to allow strategic plans to be rolled out as opposed to non-recurrent one off funding.
10. The complexity of the high needs services demanded by more and more children (and their parents) is far greater than was the case just a few years ago, more accurate medical assessment and improved methods of treatment increase demand still further. Such increasing needs requires recognition through the national high needs formula.

11. One of the major drivers of the increased cost is volume. Activity (volume) is measured in full time equivalent (FTE) placements. The table below shows that volume has increased at a higher level (21%) than expenditure (11%) which could be an indicator that we have more children and young people with lower levels of need. This is on top of the higher number of children and young people who are most vulnerable with a range of complex medical, education and social care needs.

12. Table to show where the money is being spent

	Total HNB Spend 18/19	Devolved or delegated to Schools	Centrally retained teams / services	Externally Commissioned Services
Budgeted 18/19	£38.422 m	£20.958 m (55%)	£3.484 m (9%)	£13.980 m (36%)
Forecast 18/19	£42.547 m	£23.361 m (55%)	£3.484 m (9%)	£15.702 m (37%)
Variance 18/19	£4.125 m	£2.403 m	0.000 m	£1.722

13. Table to compare spend with numbers of EHCPs

A more detailed schedule showing a comparison of 2015 and 2018 pupil numbers is attached at appendix 1.

	Budgeted	Forecast	Forecast Variance
HNB Spend	£38.422M	£42.547M	£4.125M (11% increase)
EHCP	2,626	3,182	556 (21% increase)

Cost Drivers Identified by the Group

Noting the quality of SEN provision had been rated as good by Ofsted in a recent inspection, the group suggested the following drivers for the financial pressure:

- Austerity in Local Government and Schools Funding
- Nationally, Wiltshire is the seventh from the very lowest funded local authority in the Country for Education (source – F40)
- Historical HNB - DfE calculation which is based on Wiltshire having a significantly lower number of EHCPs
- Non-inclusive Schools (exclusions, league table pressures)
- The reduction in Schools mainstream funding and an increase in the number of schools with either current or planned deficit budgets has impacted on the schools' ability to accept children without a financial package attached
- Notional SEN in mainstream budgets not clearly linked to SEND pupils
- Lack of local provision in mainstream schools (confidence and ability, potential training need)
- Changing role and responsibility nationally of the local authority leading to the lack of ability to direct or influence schools
- Lack of communication of the pressures and plans to schools via PHF and WASSH
- Lack of national Capital Grant Funding available for required new Special Schools Places leading to a local authority budget pressure in establishing a capital budget and financing the repayment of the principal and borrowing costs
- Step rise in the number of EHCPs – currently above statistical neighbours

- Lack of clarity / policy around Complex Needs Funding for jointly funded places
- Panel arrangements
- EHCP – not just education needs – schools are funding additional support in school for health and care needs schools are reporting that health colleagues are recommending parents and schools support an EHCP for medical needs
- Changes in the health professional approach including earlier diagnoses of autism – which is later identified as delay puts more children into the EHCP system
- Ability to respond to childrens needs where these are linked with family need
- Ability to shape the marketplace: Lack of sufficiency in the private sector, where an independent provision would be most appropriate
- Placement & Brokerage – where this best sit in the local authority's structure
- SEND services – where these best sit in the local authority's structure

This list may not be exhaustive.

It is clear that the drivers for this financial pressure are many and varied and that change is required in order to reduce spending to align with DfE allocated funds. Long term and future plans also need to include building capacity in special schools and other provision to provide the additional 220 places required by 2026 due to demographic growth, new housing and military families returning to Wiltshire.

Neighbouring Local authorities

14. Please see appendix 2 for the positions which have been shared. Many local authorities transferred funding from their Schools Block in 2018/19. Wiltshire has instead funded 13 additional places at Exeter House and invested new provision with 32 places in the South of the County to mitigate the larger pressure of supply of places for children with ADHD.

Actions taken to date

15. Review of unfilled places in resource bases has led to savings to be recycled back into the HNB in year
16. Central Schools spend block transferred an amount of £0.263 million into the HNB in the 2018/19 budget setting process to aid HNB funding pressures
17. Creation of increased capacity for strategic vision and leadership with a new Director for Skills & Education post in the local authority
18. Additional consultant resource until 31st March 2019 to focus on Special School Expansion Programme.
19. Additional Childrens Commissioner consultant resource to examine complex needs and other placements 18-25 years focus.
20. New brokerage officer in the Childrens Commissioning team.
21. Centre of Excellence (SEMH) at Castlemead Primary School opened September 2018 – 12 places.
22. Creation of 50 additional places at Wiltshire College for Post 16 provision.
23. Springfields Satellite at Sarum Academy – opens Spring 2019 – 32 places.
24. The Council has been taking part in surveys and research from groups such as F40 and the Local Government Association (LGA) the results of which will be shared with the Secretary of State for Education.
25. Consultation using a schools survey in November 2018 seeking views on transfer of funding between blocks to reduce pressure on the HNB. A 0.5% top slice would create approx. £1.3M capacity in 2019/20. School views were also sought on alternative service / system changes.
26. Cabinet are considering Special School Provision in the North of the County at their meeting on the 27th November 2018. All proposals would lead to an additional 50 places.
27. Longer term the local authority has been exploring opportunities to secure funding to invest in Special Schools. A Free School Bid has been submitted around Special

School Provision in the South – this fund has been previously oversubscribed so the success factors are approximately 50%.

28. Military Families - a bid to the MOD Education Support Fund has been submitted to assist with the pupils currently in Germany in receipt of SEN support.
29. The Cabinet Member for Children, Education and Skills and the Portfolio Holder for SEND & Safeguarding have been fully updated on the financial position and the links to expansion of Special School provision within Wiltshire.
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Future Actions Proposed for Consideration

31. The group came up with a wide ranging selection of ideas which will need to be examined further by the Director of Childrens Services with regard to risk, equality, financial viability and best value. These are to be considered alongside timescales.
32. The group was clear that the most appropriate change would need to least impact vulnerable groups and provide a level of protection to those schools with an inclusive approach who educate our most vulnerable children and young people.
33. With any area where change is being considered there are various approaches which include removal or reduction of services, trading of services, outsourcing services as well as reducing values of payments to schools and bringing into play the DfE's guidance around top slicing funding from schools block to fund the high needs block overspend.
34. Consider if affordable, new investment following an invest to save approach.
35. Where possible, the agreed actions will be linked to current transformational change programmes currently underway in the local authority.
36. Commissioning colleagues to engage with health professionals outlining the purpose of High Need Block funding and limitations on its use.
37. Engage with a provider or providers through a competitive process to seek costs estimates to commission new school places – either on a mutually short-term basis or long term in order to avoid capital investment.
38. Further to this a letter has been drafted to Wiltshire Members of Parliament requesting support at both local and national level.
39. Expand the use of MyPlans with SMART targets,
40. Consider the inclusion of SMART targets on EHCPS
41. Explore the use of SLAs with schools / colleges funding outcomes for children & young people
42. The local authority utilising the limited flexibility to transfer up to 0.5% of their schools block funding into another block, with the approval of their schools forum following a consultation. Schools Forum should take into account the views of the schools responding before giving their approval.
43. Consultation results were limited and so further discussion is proposed at Primary Heads Forum on the 22nd November 2018.
44. Further consultation options with parents, carers, secondary and special school heads will be explored to seek views of any proposals.
45. An Equality Impact Assessment (EIA) to be carried out on all proposals.

Proposals

46. There are two approaches which will need to be followed, the first is around aligning spending levels to available funding:
47. Schools Forum are asked to agree to the Director for Education and Skills post having the lead for strategic SEN planning and reducing spend in the high needs block working closely with the Heads of Service for Childrens Commissioning, SEND and Childrens Finance to work up a costed plan with timescales and targets. This will include a gap analysis comparing current and future need compared with current resource bases and placements across each type of SEND.
48. In addition, options for savings to centrally managed budgets will include:

- a. examination of liability under the statutory duty around all SEN services to consider removal, reduction or alternative delivery models or offers linked to a central (i.e.: non-school block) saving target.
- b. Modelling around redrafting values of payments to schools to support vulnerable pupils on a temporary basis
- c. Commissioning modelling work to be carried out
- d. Establishing the affordability of ringfenced Cluster Funding (Pilot) funding which would need to be new monies identified which would be delegated to heads to control (avoid funding linked to EHCP numbers)
- e. Consideration of a future move to delegating control of centrally managed budgets such as Named Pupil Allowances (NPA) to said clusters if this model proves successful

49. The second round movement between blocks;

50. School Forum are asked to agree to the transfer of 0.5% between blocks to limit the need to reduce bandings or high needs rates. As an example, appendix 3 shows the value of removing 0.5% from the 18/19 allocations for schools by NOR banding to provide schools with a guideline. When we bring the 19/20 budget paper to Schools Forum in January, the actual 19/20 allocations will be known and modelling shared. In light of the size of the forecast overspend, Schools Forum members may feel a transfer larger than 0.5% is appropriate in which case the local authority must submit a disapplication request to the Secretary of State. For this reason, information is also provided in appendix 3.

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