

DEDICATED SCHOOLS BUDGET – BUDGET MONITORING 2018-19

Purpose of the Report

1. To present budget monitoring information against the Dedicated Schools Grant (DSG) for the financial year 2018-19 as at 31st December 2018.

Main Considerations

2. Appendix 1 to this report outlines the budget monitoring summary as at 31st December 2018.
3. An overspend of £2.307 million is currently projected against the overall schools budget. The forecast overspend on the High Needs Block is £3.331 million and this is offset by underspends in the growth fund, early years and central blocks.
4. 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. A verbal update from the Director of Skills & Learning on progress since the last report is included on the agenda.

Schools Funding

5. A budget of £1.0 million was set aside in 2018/19 as a growth fund. The latest forecast of expenditure on this is £0.920 million which creates a small underspend.

Early Years Budgets

6. Budgets for the free entitlement for 30 hours childcare for 2, 3 & 4 year olds are currently forecast to be underspent by £0.818 million. This estimate is now wholly based on a full year of 30 hours entitlement. It is important to note that the underspend reported above for 2, 3 and 4-year-old grant will have a post financial year adjustment from the DfE - previously this has borne little relation to the final variance due to the formula and floors and ceilings used by the DfE in their calculation. The table below show this forecast underspend relates to volume of take up.

	Planned Volume (in FTE)	Forecast Volume (in FTE)	Forecast Volume (in FTE)
2-year-old Funding	417	436	19 (or 4%)
3 & 4-year-old Funding	4,943	4,802	(141) (or 3%)
Overall	5,360	5,238	(122) (or, 2%)

High Needs Budgets

7. High Needs budgets are projected to overspend by £3.331m. The biggest areas of overspend are Independent Special School Fees, Named Pupil Allowances and top ups in schools. The post-16 budget shows an underspend which is partially offsetting the overspend in other areas.
8. This significant overspend must be viewed alongside national factors. Nationally, Wiltshire is seventh from the very lowest funded local authority in the Country.

9. The demand for high needs funding is out-stripping the budgets available to local authorities across the country, resulting in serious 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.
10. 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 very many vulnerable pupils.
11. On the 16th December, Damien Hinds, Secretary of State for Education announced an additional £250 million to support children with complex needs and disabilities across 2018/19 and 2019/20. Appendix 2 details the press release. The table below shows Wiltshire's allocations:

	2018/19	2019/20	Total Share
£250m revenue	£1.128 million	£1.128 million	£2.256 million
£100m capital	nil	tbc	tbc

12. Wiltshire has submitted a Free School Bid for 150 place Special School provision in the South of the County and we are anticipating the outcome of this later this month.
13. Whilst Wiltshire appreciate the additional high needs block and capital funding, the long-term solution will need to be increased base budget to allow strategic plans to be rolled out as opposed to an amount of one off funding.
14. 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.
15. One of the major drivers of the increased cost is volume. Activity (volume) is measured in full time equivalent placements. (FTE) the table below show that volume has increased at a higher level (16%) than expenditure (9%) which could be an indicator that we have more children and young people with lower levels of need.

	Budgeted	Forecast	Forecast Variance
HNB Spend	£38.939M	£42.270M	£3.331M (9% increase)
EHCP	2,767	3,196	429 (16% increase)

Central Schools Budgets

16. There is a small forecast underspend on central school budgets held and managed by the local authority on the schools behalf – including maternity and copyright licences. Some of this surplus might be available to fund other identified funding pressures such as union duties – as previously discussed at Schools Forum.

DSG Reserve

17. The reserve brought forward of £0.846 million is reduced by the early years block adjustment of £0.035 million. The forecast overspend would take the reserve into a deficit position of £1.497 million. This overspend equates to 0.8% of total DSG.
18. Wiltshire submitted the response to the DfE consultation regarding implementation of the tightening of the rules governing deficits in local authorities' overall DSG accounts, under which local authorities have to explain their plans for bringing DSG account back into balance. The DfE intend to require a report from any local authority that has a DSG deficit of more than 1% as at 31 March 2019. This report would need to have been discussed with the Schools Forum. Assuming the proposal is mooted, the latest forecast would mean Wiltshire would not need to submit a report.
19. The DSG reserve deficit however, does pose a concern and this will be included in the 19/20 overall Schools Funding Budget report and decision making matrix considered later in this agenda.

Proposals

20. Schools Forum is asked to note the budget monitoring position at the end of December 2018 and the continued pressure on high needs budgets and to support and contribute to the on-going work of the High Needs Working Group.
21. The Early Years budget monitoring report proposes that the Early Years Inclusion Support Fund be funded wholly by Early Years Block in 2018/19 and in future years. If this proposal is agreed, then the overall forecast variance remains unchanged, but the early years forecast variance will better reflect the activity within the early years sector and the pressure on the high needs block reduced accordingly.

£ million	Forecast Variance December 2018	Proposed Budget Movement 2018/19	Proposed Variance 2018/19
Funding Schools	(0.080)	0	(0.080)
Early Years Block	(0.818)	(0.357)	(0.461)
High Needs Block	3.331	0.357	2.974
Central Block	(0.126)	0	(0.126)
TOTAL	2.307	0	2.307

22. The forecast outturn should be used to inform the 2019/20 budget setting report later in the agenda.

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New funding to support children with special educational needs

Education Secretary Damian Hinds has announced an additional £350 million to support children with complex needs and disabilities.

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From: [Department for Education](#) and [The Rt Hon Damian Hinds MP](#)



Children with special educational needs and disabilities (SEND) are set to benefit from an extra £350 million funding to provide specialist support and tailored facilities, helping those with complex needs to succeed.

The Education Secretary Damian Hinds has today (Sunday 16 December) announced that councils will receive an additional **£250 million over the next two years** on top of the £6 billion already provided for the high needs budget this year, to provide much needed support for children and young people with complex SEND.

Families will also benefit from more choice for their child's education through an **extra £100 million investment to create more specialist places in mainstream schools, colleges and special schools**, giving more children and young people access to a good school or college place that meets their individual needs. This could include more state-of-the-art facilities, such as sensory rooms and specialist equipment.

On top of this, **more special free schools will get the green light**, as the Education Secretary confirms he will approve all high quality bids in the current round of special and alternative provision free schools applications, creating even more choice for parents.

Education Secretary Damian Hinds said:

“Being a parent, we all want the very best for our children. We want them to attend a school that supports them to thrive, go on to higher or further education or training, find a job that’s right for them, and to live happy and fulfilled lives.”

“For children with special educational needs this is no different. It is important that they have the right support in place at school – whether that is in a mainstream setting, with additional support, or in a special school.”

“We recognise that the high needs budget faces significant pressures and this additional investment will help local councils to manage those pressures, whilst being able to invest to provide more support.”

“Every school or college should be one for a young person with special educational needs; every teacher should be equipped to teach them, and families need to feel supported.”

The Government has also confirmed an expansion of the funding to train more educational psychologists, who are responsible for assessing children's needs and providing tailored support as part of the Education, Health and Care needs assessment process. Educational psychologists also provide outreach to teachers and families, providing new support strategies when the complex needs of a child are not being met. From September 2020 there will be a further three training rounds and an increase in the number of trainees from 160 to at least 206, to help keep up with demand for this specialist advice.

Ofsted's HMCI Amanda Spielman said:

"I welcome today's announcement from the Department for Education, which is good news for children with special educational needs and disabilities (SEND) and their families."

"Our inspections show that we still have a long way to go before children and young people with SEND are getting all the support they deserve. In too many local areas, the implementation of the 2014 SEND reforms is not living up to expectations."

"We are halfway through our inspections of local areas and have just started to re-visit areas where inspectors have identified significant concerns. We will continue to give real weight to the experience of children and young people with SEND in our inspections of schools."

"It is vital that this additional investment makes a much-needed difference to the quality of provision and outcomes achieved by this group of children and young people."

Classroom teachers and those in training will also have a greater focus on supporting children with SEND, as the upcoming Teaching Recruitment and Retention Strategy will make sure all teachers are equipped with the knowledge and skills to meet the needs of all pupils.

Local authority education services will be encouraged to work more closely with health and social care to commission local services that meet the needs of the families and children in their area, as a new advisory SEND System Leadership Board is to be set up. This new expert board will include representatives of local health, social care, and education services, and will work closely with charities, school and families.

To better understand the financial incentives that influence how schools, colleges and councils support children and young people with special educational needs, the Department for Education will be gathering more evidence in the New Year. This will include looking at the first £6,000 schools pay for SEND support costs before accessing additional funding from local high needs budgets.

Graham Olway, Head of School Organisation & Capital Planning, West Sussex County Council and National Chairman of the Education Building Development Officers Group (EBDOG) said:

"The introduction of additional SEN capital grant is very much welcomed and will enable the completion of much needed SEN improvements across the country. The growth in SEN is now recognised and this investment will help local authorities continue the work to ensure they can better meet the needs in their community for some of the most vulnerable children in society."

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