

## **DEDICATED SCHOOLS BUDGET – HIGH NEEDS BLOCK UPDATE 2017-18**

### **Purpose of the Report**

1. To update schools forum on issues related to the high needs block for 2017-18 and the decisions that will need to be made as part of the budget setting process for 2017-18.

### **Main Considerations**

2. As outlined in the paper on the funding settlement for 2017-18 the high needs block allocation for Wiltshire in 2017-18 is £45.304 million. The high needs block has been rebased to reflect projected spend in 2016-17. It also includes population growth of £0.850m and an additional allocation of £1.176m to reflect payments for places in FE colleges. This is funding that was previously paid directly to the colleges by the EFA and so does not reflect growth in funding for the Council, merely the transfer of responsibility for paying place funding to colleges. Whilst the allocation would appear to contain significant growth, in fact the allocation is a reflection of current spend patterns and the high needs block will remain under pressure in 2017-18.
3. The DfE has also updated the [operational guidance](#) for high needs funding in 2017-18. The main changes were in respect of the process for making changes to high needs place numbers. Wiltshire has complied with the process and reviewed place numbers for 2017-18. An application has been submitted to increase the numbers of post-16 places at Wiltshire College and the outcome of that application will be known in January 2017. The funding settlement does not reflect the outcome of the place review.
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 2017-18 is summarised in the following table:

	<b>£m</b>
Budgeted Spend 2016-17	41.236
Additional Pressure to meet current Spend levels (16-17 budget overspent)	1.039
Therapies costs no longer ESG funded	0.509
Estimated demand on top up budget 2017-18	1.465
Funding to support proposals for supporting pupils at key transition points	0.100
Alternative Provision - inclusion of UTC	0.100
New responsibility to pay Colleges	1.176
<b>Estimated demand on high needs block 2017-18</b>	<b>45.626</b>
High needs allocation	45.304
<b>Estimated Shortfall 2017-18</b>	<b>0.322</b>

6. This estimate includes the following assumptions:
- a. Top up levels remain unchanged from 2016-17 levels
  - b. Demand for placements in independent special schools (ISS) continues to increase (a reduction in the rate of increase has been assumed).
  - c. Numbers of post-16 top ups will continue to increase but at lower unit costs as more needs are met locally.
  - d. 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.
  - e. Therapies costs will be met from the high needs block following the removal of ESG funding
  - f. That additional funding needs to be added to the alternative provision budget to incorporate the addition of the Salisbury UTC in to the service level agreement. At this stage no further growth is assumed in the alternative provision budget. The budget for hard to place pupils is assumed to remain at £0.297m.
  - g. That an allocation of £0.100 million is included to support the proposal of the School Funding Working Group and SEN Working Group to consider funding for supporting pupils at key transition points.
  - h. That any increase in the early years inclusion support fund to meet additional demand from the extension of the free entitlement for 3 & 4 year olds would be met from the early years block and is therefore not a pressure on the high needs block.
7. In order to address the shortfall, and any other pressures identified by the working groups and not included above, a number of options will need to be considered.
8. **Top Up Values** – the biggest area of spend within the high needs block is expenditure on top up values. It is estimated that a reduction of 3% on top up values in mainstream schools, with a maximum 1.5% reduction for special schools, would reduce costs by £0.390 million. The risk associated with this proposal is that this reduction would follow the reduction of up to 20% taken in 2016-17 therefore increasing 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, as currently happens in Wiltshire, or from the early years block. If the current

level of inclusion support fund was met from the early years block then this would reduce costs to the high needs block by £0.357m. The impact on the early years block would be to reduce the funding that is available to distribute to settings through the early years funding formula. This is considered in more detail in the paper on the early years block however it should be noted that use of the early years block to support the inclusion support fund is within the regulations and would meet the definition of “pass through” of funding to providers. It is expected that the inclusion support fund would need to increase in 2017-18 due to the expansion of the free entitlement to 30 hours for children of working parents and it has been assumed that this pressure would be met from the early years block. Note that whilst central spend on high needs provision is a local authority decision, central spend on the early years block is determined by schools forum.

10. **Review funding of specialist early years provision** – a further option could be to consider funding provision at district specialist centres, or other specialist early years support services, from the early years block. This could reduce costs by up to £0.400m in the high needs block however would not meet the definition for pass through within the early years block or meet the definition of “administrative” costs for which funding can be retained centrally from the early years block.
11. **Proposal for transitional funding** – an additional £0.1m has been included within the list of pressures but schools forum could agree that this cost should be met from the top up budget with the aim of the funding being to reduce demand for statutory assessments, therefore making the proposal self funding. This would be a risk in year 1 as any new funding mechanism would need to be reviewed to ensure it is achieving the required outcomes.

### **Proposals**

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

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