

## **ANALYSIS OF HIGH NEEDS BUDGETS AND EXPENDITURE 2013-14**

### **Purpose of the Report**

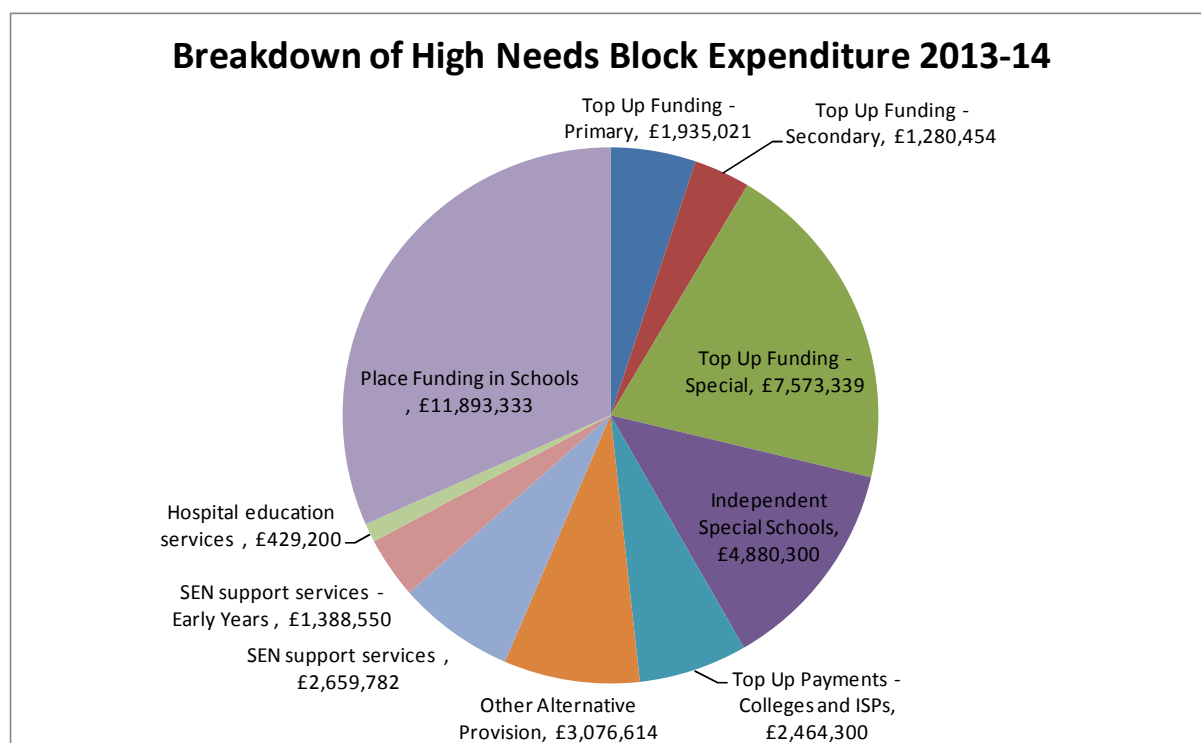
1. To present an analysis of expenditure on budgets within the High Needs Block of the overall schools budget for 2013-14.
2. To present proposals to increase top up rates for pupils in Wiltshire special schools in 2013-14.
3. To present proposals for how Enhanced Learning Provision (ELP) in secondary schools should be managed within the overall place plus funding system.
4. To raise a number of issues that will need to be considered in setting high needs budgets for 2014-15.

### **Background**

5. Dedicated Schools Grant in (DSG) in 2013-14 is allocated in 3 main expenditure blocks:
  - Schools Block
  - High Needs Block
  - Early Years Block
6. These expenditure blocks are not ringfenced and funding can be moved between blocks according to Schools Forum's priorities. The allocation of the high needs block is based on agreed planned place numbers and historical spend rather than on specific school census data.
7. The High Needs Block covers expenditure on provision for pupils and students with high needs from ages 5 to 25 and support services for pupils covering early years provision to FE college provision. The responsibility to fund provision for students in FE colleges and Independent Specialist Providers (ISPs) up to the age of 25 years is a new responsibility for local authorities and funding was transferred in to DSG for 2013-14 to support this, based on previous learner numbers. The high needs block also covers the cost of alternative provision and hospital education services.
8. The final allocation of high needs funding to Wiltshire in 2013-14 is £35.997 million, expenditure (including central support service recharges) has been calculated at £37.581 million. This is analysed on the LA's Section 251 Return as follows:

<b>HIGH NEEDS BUDGET 2013-14</b>		
Top Up Funding - Primary	£ 1,935,021	5%
Top Up Funding - Secondary	£ 1,280,454	3%
Top Up Funding - Special	£ 7,573,339	20%
Independent Special Schools	£ 4,880,300	13%
Top Up Payments - Colleges and ISPs	£ 2,464,300	7%
Other Alternative Provision	£ 3,076,614	8%
SEN support services	£ 2,659,782	7%
SEN support services - Early Years	£ 1,388,550	4%
Hospital education services	£ 429,200	1%
Place Funding in Schools	£ 11,893,333	32%
	<b>£ 37,580,893</b>	<b>100%</b>

9. The table above represents the budget as originally set and includes central support recharges. Since the start of the year the budget and costs of post-16 pupils within Independent Special Schools (ISS) have been moved and are now included with the top up payments for post-16 students in FE Colleges and ISPs so that all post 16 costs are recorded together.
10. The expenditure within the high needs block can be illustrated graphically as follows:



11. The majority of expenditure is related to place funding in Wiltshire schools (special schools, resource bases and ELP, and Named Pupil Allowances (NPAs)) and associated top up values (£22.7 million). A further £7.3 million relates to funding of placements in independent special schools, FE colleges and ISPs.
12. SEN Support Services include the Specialist SEN Service and the Sensory Support Service, central equipment budgets, etc. There are also support services provided directly to children in Early Years settings.
13. Expenditure on alternative provision includes funding devolved to secondary schools for the commissioning of alternative provision for pupils at risk of

exclusion and expenditure on provision for primary age pupils who may have been excluded or are at risk of exclusion.

## **Main Considerations**

### ***Budget Monitoring 2013-14***

14. Projected expenditure against top up budgets is shown in Appendix 1 to this report. The report shows a projected underspend of £2.524 million against high needs budgets at this point in the year. It is clear that top up budgets are not yet fully committed for the year although the following comments, which will impact on the final position, should be taken into account:
- a. Special Schools – in setting top up rates for 2013-14, Schools Forum was mindful of the balance between setting rates so as not to exceed the budget available but also to reflect the impact of unfilled places and pupil movement through the year. As a result special school top up rates were increased by 2% in the budget setting process. Considerable work has been carried out with Wiltshire special schools to try to understand the impact of the new funding methodology and a proposal is included in this report to increase the top up rates for special schools in the current financial year. This will reduce the projected underspend by up to £0.8 million.
  - b. The numbers of students attending FE colleges is not yet finalised. For Swindon College, for example, the number of students expected to attend exceeds the number of “pre-paid” places for Wiltshire pupils and this increases the financial risk for Wiltshire as a proportion of the place funding (Element 2) must also be funded. There are also ongoing discussions with the EFA relating to the number of post-16 high needs places to be funded in school 6<sup>th</sup> forms and this is likely to become a cost pressure for the high needs budget. It was agreed at the SEN Working Group that a review should be carried out of which courses post-16 students had taken up so that the appropriate numbers of places to be funded in the current year can be agreed.
  - c. Officers from the SEN and Inclusion Service have been working with FE Colleges to develop ways of working and processes to enable the assessment of student’s needs and the appropriate top up rates. FE Colleges within the area are keen to work within the Wiltshire banding principles and structure and it is expected that a level of one off investment will need to be made during this year to enable the capacity to develop this way of working for post-16 students. This would be affordable from within the current high needs budgets.
  - d. The projected underspend against the ISS budget is greater than in previous years, it is thought that this is because previously the budget was funding more placements for post-16 pupils than the allocated budget from the EFA. These costs are now showing against the post-16 top up budget.
  - e. Underspends against the top up budgets are likely to have arisen because of the number of unfilled places. This indicates that in future years it will be essential to ensure that the number of places is set appropriate level, and that perhaps more “risk” can be taken in setting top up levels as savings will be made on empty places. Proposals are presented in a separate report on this agenda to change the banding descriptors and top up values for Resource Bases and ELP. It is anticipated that this will increase expenditure on top ups in future years.

## **Special Schools**

15. At the Schools Forum meeting in June 2013 it was agreed that further work should be carried out to review expenditure within the High Needs Block and the impact of the new funding methodology on special schools. In particular it was requested that as part of that work we look at options for supporting the transition to the new funding methodology as this has had a significant impact on special school budgets.
16. A number of meetings have been held with special school head teachers, including a meeting involving business managers and governors, to review the impact of the new funding methodology. Key impacts have been highlighted as:
  - The impact of pupil movement and unfilled places on school budgets;
  - The difficulty in planning budgets for more than one year;
  - Differences in top up values across different LAs;
  - Wiltshire top up values and the relativities between bands;
  - Values of residential top up values versus day top up values.
17. At the most recent meeting with special schools it was agreed that a working group would be established to consider the top up values and split between day and residential top up values for 2014-15. It was also agreed, however, that some work would be carried out to see if top up values could be increased in the current year on a one off basis whilst the work for 2014-15 was completed.
18. The Schools Strategic Financial Support Manager will also be working closely with the special school Business Managers to develop ways to improve financial planning for future years.
19. In considering how top up values might be increased in the current year a number of things were taken in to account:
  - a. *Affordability* – any increase in the current year will impact on the affordability of top up values in 2014-15. This would require funding to be transferred from the ISS budget in to the special school budget to support the increase in the current year and on an ongoing basis. Projected spend against the ISS budget would indicate that this is possible.
  - b. *Residential versus Day rates* – benchmarking carried out for the meeting held with special school indicates that residential top up rates in Wiltshire are higher than those in other south west authorities. Work will be carried out to review the numbers of residential places for 2014-15 and as part of that work the value of the residential element of the top up will need to be looked at. Any increase to residential rates for this year will be protected by the minimum funding guarantee and may therefore limit flexibility in future years. It is important however that any increase in day top up rates is applied equitably across all pupils.
  - c. *Relativities between band values and different provision types* – in discussions with special school head teachers it was clear that a priority was to impact on all band values and not just to focus on the higher levels of need. As work is also being carried out to review the top up values for resource bases and ELP it was also considered important that special school top up values maintained comparability with what is being proposed in other high needs provision.
20. As a result of these considerations two possible approaches have been modelled. The first is a straight percentage increase to day top up rates with

that same cash increase being applied to the residential rate, and the second is a model based on the relativity between special school top up rates and the proposed rates for resource bases and ELP in 2014-15. The advantages and disadvantages of each approach can be summarised as follows.

<b>Option</b>	<b>Advantage</b>	<b>Disadvantage</b>
Percentage increase to day rates	Simple to apply Affordability - % can be determined by level of budget	Does not address concerns about lower band values - % of a low figure is still low Loss of rationale for the calculation meaning that day rates will need to be revisited for 2014-15. Impact of MFG?
Model based on proposed RB and ELP rates	Maintains parity between special school bands and other types of provision – in year and for 2014-15	Potential to cost more than a % increase – based on need rather than available budget

21. The impact of each of the two options is illustrated in Appendix 2. For Option 1 a percentage increase of 7.5% to the day rates has been applied. Appendix 3 shows a comparison of the revised special school rates with the rates proposed for resource bases and ELP in 2014-15.

### ***Enhanced Learning Provision (ELP)***

22. The introduction of the place plus funding methodology has been challenging to implement for ELP provision. One of the key issues has been how to set planned place numbers and there have also been issues surrounding the number of planned places set by the EFA for post-16 high needs students. These students do not attract ELP funding under Wiltshire's current system but need to be funded on a place plus basis.

23. In order to resolve some of these issues meetings were held with each of the secondary school federations to discuss the issues and make recommendation for how they should be dealt with. The main issues were:

- a. Should ELP be funded through a place plus mechanism or should it be funded through the High Incidence, Low Cost element of the funding formula with top ups similar to Named Pupil Allowances.
- b. Should there be a minimum number of planned places in each school? (currently schools are funded for a minimum of 6 places)
- c. Should we combine the funding for post- and pre-16 or continue to treat separately?
- d. How should additional pupils be funded (ie., pupils over and above planned numbers)
- e. How should top up values be calculated?

24. A summary of the outcomes of those discussions is shown in the table below:

	Place plus	Minimum number of planned places	Post 16	Additional places	Values of top ups
North	Yes	6 too many but should consider trends, if one year dip no reduction to numbers	Tackle next year because too much turbulence at present	Option 2 – AWPU + top up	In line with complex needs
West	Yes	As above	Relatively low numbers, don't consider elp and post 16 together, case by case discussions	Option 3 - £10K + top up	As above
South	Yes but much discussion as 6 voted for place plus, 2 against and 2 abstained	As above	Requested data for all post 16 6 <sup>th</sup> forms Not to merge numbers at this stage but in the future La to contact each school individually to agree numbers	Option 3 £10K + top up	As above

25. Following these discussions it is recommended that:

- a. ELP should continue to be funded in the same way as high needs provision through place plus.
- b. A minimum number of places should be funded but a lower number should be set
- c. Post 16 and pre 16 should continue to be treated separately as funding streams are different
- d. Additional places should be funded at top up value plus an additional place value
- e. The value of top ups for ELP should maintain parity with values in resource bases (for additional information see separate report on this agenda)

### **Issues for 2014-15**

26. Place Numbers – recent guidance from the EFA indicates that the cost of any increases in place numbers will need to be met from existing funding levels unless a specific case for change can be presented.
27. Top up values – top up levels for all types of provision in schools are being reviewed for 2014-15. This will increase costs and the level of spend this year will inform assumptions on the affordability of those changes. A MFG will be in place for top up values in 14-15 and so there are likely to be some associated costs of protecting top up values in some resource bases (see separate report). A request has been submitted to the EFA to disapply the MFG to enable changes in the numbers of residential and day places in special schools.
28. Financial pressures on the EOTAS and alternative provision budgets will need to be reviewed, particularly as the SLA with schools for alternative provision is reviewed. The numbers of permanent exclusions in primary schools have increased and this will increase the pressure on the alternative provision budget.

### **Proposals**

29. Schools Forum is asked to note the analysis of the high needs block
30. Schools Forum is asked to agree whether an increase should be applied to special school top up rates in 2013-14 and to determine which approach should be used to calculate that increase
31. Schools Forum is asked to agree the recommendations in paragraph 25 in relation to the funding of ELP provision and to recommend a minimum number of ELP places to be funded in individual schools
32. Schools Forum is asked to note the issues arising for consideration in the budget setting process for 2014-15.

CAROLYN GODFREY  
DIRECTOR, CHILDREN & EDUCATION

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*Report Author: Liz Williams, Head of Finance (DCE)*

*Tel: 01225 713675 e-mail: [elizabeth.williams@wiltshire.gov.uk](mailto:elizabeth.williams@wiltshire.gov.uk)*