

Report to the Schools Forum 24 March 2017

High Needs Budget Update

1 Context

- 1.1 At this time of the year, the local authority sets the high needs budget for the following financial year. This paper provides Forum with a brief summary of the position and issues going forward.

2 2016/17 Outturn

- 2.1 The 2016/17 financial year has yet to be finalised. However at this stage it seems likely that the budget will be overspent, perhaps by around £200,000. This overspend will therefore be the first call on the 2017/18 budget.

- 2.2 The high needs budget includes a large number of cost centres but in broad terms:

- There have been underspends on a number of LA services such as behavioural support, sensory inclusion, etc arising from a combination of vacancies and more income. These underspends have been supplemented by more income arising from high needs pupils from outside T&W attending T&W schools.
- These positive budget movements however have been more than offset by overspends against residential provision, post 16 provision, EHCPs/statements and special school top-up funding.

- 2.3 A particular financial concern is the increase in the numbers of pupils attending special schools and the very significant increase in the cost of EHCPs in mainstream schools. The latter in particular is much greater than the general increase in pupils in T&W.

3 2017/18 and Beyond Budgets

- 3.1 The DfE allocated additional funds to T&W for 2017/18 amounting to around £330,000. This is helpful, but was apparently based upon population data which is not reflecting the increase in demand on high needs provision locally. High needs funding from 2018/19 onwards is planned by the DfE to be based on a national funding formula. They have published indicative allocations for LAs which show a possible increase of 2.4% for T&W in 2018/19. This is not sufficient to sustain the type of increase in numbers of pupils seen in recent years in receipt of EHCPs or attending special schools, without a decrease in the amount of resources allocated per pupil. Against a background of annual inflation in costs, this represents a very challenging financial scenario.

- 3.2 The national funding proposals include a new 'ring fence' around the schools block of DSG funding, with transfers between this and the high needs block only possible with the agreement of both the Forum and individual schools affected by the transfer. This change is an unsurprising accompaniment to the move towards a national funding formula at school level. However it does also bring an imperative to ensure that high needs expenditure is within the allocated amount.

- 3.3 In this context, the DfE has allocated funds for each LA to carry out a 'strategic review' of its high needs provision. T&Ws review will be taking place over forthcoming months and the Schools Forum and schools generally will be kept informed and involved in its progress.

Tim Davis
Finance Team Leader
March 2017