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# High Needs Budget Proposal for 2016/17

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**Report being considered by:** Schools Forum  
**On:** 14/03/2016  
**Report Author:** Cathy Burnham, Jane Seymour  
**Item for:** Decision      **By:** All Forum Members

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## 1. Purpose of the Report

- 1.1 This report sets out the current financial position of the high needs budget for 2015/16 and 2016/17 and details the savings proposals in order to balance the budget in 2016/17.

## 2. Recommendation(s)

- 2.1 To agree the savings as set out in Section 5 of this report, and approve the overall high needs budget as set out in Appendix A.

<b>Will the recommendation require the matter to be referred to the Council or the Executive for final determination?</b>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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## 3. Introduction

- 3.1 The last two rounds of meetings of the Heads Funding Group (HFG) and Schools' Forum (SF) have received reports setting out the funding position of the high needs budget for 2016/17. These reports have detailed the services making up the high needs budget, and possible savings options in order to close a £1.9m estimated funding gap. The reasons for this gap are summarised again below:

- A significant over spend in the current year high needs block which will need to be met from next year's DSG.
- The carry forward of previous years' under spend has supported the budget up to now, but this was one off funding which has now all been used up.
- Pupil numbers and needs in the high needs block continue to rise without a corresponding increase in funding.
- The DfE has provided only a small increase to our funding allocation which falls significantly short of our increasing numbers and level of support of pupils being funded from this budget.

- 3.2 At the meeting of the SF on 25<sup>th</sup> January 2016, the members acknowledged all the options and did not rule any out. As part of setting the schools block budget for 2016/17, it was agreed that £848k of funding would be transferred from the schools' block funding to the high needs budget as a contribution towards the savings required.

- 3.3 In the meantime Officers have revised the estimates for the current year forecasts and the budgets for next year, using the latest pupil placement and other relevant data.

3.4 This report sets out the latest position and proposes a savings plan in order to balance the budget.

#### 4. Summary Position

4.1 Table 1 sets out the current position of the high needs block.

<b>TABLE 1</b>	<b>2015/16 Budget £</b>	<b>2015/16 Forecast £</b>	<b>2016/17 Estimate £</b>
Place Funding	6,285,400	6,285,400	7,009,170
Top Up Funding	8,507,580	8,902,010	9,395,870
PRU Funding	2,201,000	2,429,000	2,401,000
Other Statutory Services	1,213,860	1,195,410	1,219,620
Non Statutory Services	858,570	859,070	1,031,810
Support Service Recharges	515,750	515,750	526,710
<b>Total Expenditure</b>	<b>19,582,160</b>	<b>20,186,640</b>	<b>21,584,180</b>
HNB DSG Allocation	19,100,550	19,100,550	20,079,150
HNB DSG C/F	344,950	344,950	-731,140
Schools DSG Transfer			848,000
Early Years DSG Transfer	10,000	10,000	10,000
<b>Total DSG Funding</b>	<b>19,455,500</b>	<b>19,455,500</b>	<b>20,206,010</b>
<b>Shortfall</b>	<b>-126,660</b>	<b>-731,140</b>	<b>-1,378,170</b>

4.2 The overall position for 2016/17 is now a shortfall of £1,378k compared to £1,915k as reported in January. The detailed breakdown of the budget per cost centre is provided in Appendix A. The reasons for the £537k change are:

- Transfer of funding from the Schools Block: shortfall reduced by £848k
- Increase in 2015/16 overspend: shortfall increased by £106k
- Increase in 2016/17 estimate for top ups: shortfall increased by £205k

4.3 The predicted overspend in the HNB in the 2015/16 financial year is now estimated at £604k (compared to £498k in January), with the main variances (over £30k) shown in Table 2. The main change compared to last month is additional place funding agreed at the two special schools for pupils admitted over their official place numbers (shown as top up). The in year overspend is in addition to the original budgeted shortfall of £127k. The total overspend of £731k will need to be met from the 2016/17 HNB allocation.

<b>TABLE 2</b>			
<b>Budget</b>	<b>15-16 Budget</b>	<b>Predicted outturn</b>	<b>Variance</b>
Special schools top up	2,730,940	2,865,940	+135,000
Non West Berkshire special schools top up funding	735,240	1,085,240	+350,000
PRUs top up	1,061,000	1,261,000	+200,000

Disproportionate number of high needs pupils	50,000	88,000	+38,000
Non LEA special schools	905,320	827,100	-78,220
Independent special school place and top up	1,583,850	1,550,100	-33,750
Further Education Colleges Top ups	990,040	949,050	-40,990
Academy mainstream top ups	213,240	183,240	-30,000
SEN Commissioned Provision	540,260	502,830	-37,430
Applied Behaviour Analysis	110,730	79,730	-31,000

4.4 It can be seen from the above that the main area of pressure in this budget is the increase in numbers of children with SEND attending specialist placements as opposed to mainstream schools. Specialist provision includes resourced units, maintained special schools, special free schools, independent and non maintained special schools and PRUs.

## 5. Savings Proposals for 2016/17

5.1 Table 3 summarises the savings (totalling £1.049m) that are now being proposed. It is proposed that a two year approach is adopted in balancing the budget.

<b>TABLE 3</b>	<b>2016/17 £</b>	<b>2017/18 £</b>
<b>Total Saving Required:</b>	<b>1,378,170</b>	<b>550,580</b>
1. Resourced unit place funding – reduction in places	29,170	
2. FE College Top Up – reduce fees by 10%	99,000	
3. PRU Top Ups – reduce daily rate		76,950
Alternative Curriculum from 1/9/16 – reduce by £20.25 per day	107,730	
Reintegration Service from 1/9/16 – reduce by £10.25 per day	41,120	29,370
4. PRU top ups – increase contribution from schools		
Alternative Curriculum from 1/9/16 – increase by £750 per Pupil per year	24,000	12,000
Reintegration Service from 1/9/16 – increase by £10 per day	13,420	9,580
5. PRU top ups Reintegration service – increase by 6 the no. of weeks paid for by schools from 1/9/16	41,390	29,570
6. Sensory Impairment – reduction in visits	23,880	
7. Engaging Potential – reduction in places	90,040	64,320
8. Equipment – reduction in budget	10,000	
9. Therapy Services – reduction in contract	32,440	
10. Efficiency savings in Language and Literacy Units	18,400	
11. PRU outreach – remove budget	117,000	
12. CALT team – charge more services to schools	20,000	

13. Pre School Teacher Counselling – Council cut, won't be funded by DSG	85,000	
14. Learning Independence for Travel – Council cut, won't be funded by DSG	75,000	
<b>Savings Proposed</b>	<b>-827,590</b>	<b>-221,790</b>
<b>Shortfall Remaining after Proposed Savings</b>	<b>550,580</b>	<b>328,790</b>
Additional resources available in 2017/18		-731,140
<b>Possible Headroom in 2017/18</b>		<b>-402,350</b>

5.2 The savings above are colour coded according to their likelihood of being achieved:

- **Green** (£324,570 or 31%): certain it can be achieved as within the LAs control.
- **Yellow** (569,490 or 54%): the reduction to rates/places will be made but as the budget is demand driven the saving level is uncertain (the figure is based on current demand).
- **Grey** (£155,320 or 15%): the reduction to budget is subject to negotiation with external organisations.

5.3 By adopting a two year approach, the savings that have now been removed total £297,350 and are those that protect the most vulnerable, as follows:

- The reduction in resource unit top up rates (£44,370)
- The reduction in special school top up rates (£74,080)
- The reduction in places at Language & Literacy Units (£48,900)
- The removal of special school outreach service (£70,000)
- The reduction in the Vulnerable Childrens fund (£30,000)
- CALT team – the increase in charges to schools (£30,000)

5.4 Assuming all the savings can be achieved in 2016/17 and there is no further increase in overall demand during the year, there will be a shortfall of £551k at the end of the year. Taking into account the full year savings in 2017/18 the shortfall will reduce to £329k. However in 2017/18 there will be additional resource assuming a nil or minimal overspend at the end of 2016/17 (due to the one off requirement to pay off the 2015/16 overspend of £731k from the 2016/17 resources). It may be possible to “pay back” some funding to the schools block when setting the 2017/18 budget.

5.5 The other unknown at the current time is how HN funding may change in 2017/18 in response to the Government’s proposed high needs funding reforms. A consultation from the Government is expected soon.

5.6 The following paragraphs provide further information on each of the savings proposals, also highlighting the implications.



### 5.10 Proposal 4 – PRU Top ups – Increase contribution paid by schools

In addition to proposal 5, the amount contributed by schools towards placements is proposed to be increased from 1/9/16 by £10 per day in the Reintegration Service, and by £750 per year in Alternative Curriculum. This would reduce the amount required to be met by the DSG. The savings would be as shown in Table 6, assuming all places are filled.

<b>TABLE 6</b>	<b>Current</b>	<b>Proposal</b>	<b>Saving</b>
Alternative Curriculum – annual contribution	£4,500	£5,250	£36,000
Reintegration – Primary	£37.35	£47.00	£7,330
Reintegration – Secondary	£74.69	£85.00	£15,670
<b>Total Saving</b>			<b>£59,000</b>

Implications / Risks:

- (1) An increase in the cost to schools.
- (2) Schools may choose to permanently exclude more pupils rather than pay increased costs. As the LA picks up the total cost of permanent exclusions, this would result in an increase in cost to the high needs block.

### 5.11 Proposal 5 – PRU Top ups – Increase Number of Weeks Paid for by Schools

The current arrangement is that there is a cap placed on the number of weeks a school pays for a placement in the Reintegration Service, with the DSG picking up the full cost for the remaining weeks of the placement. The current trend is that most placements are exceeding this cap. It is proposed from 1/9/16 to increase the number of weeks that schools pay a contribution towards, though the saving is difficult to quantify as the length of placements at any one time changes from one week to the next. The savings shown in Table 7 assume that two thirds of current placements are above the cap, and this would reduce to one half by increasing the number of weeks by 6.

<b>TABLE 7</b>	<b>Current</b>	<b>Proposal</b>	<b>Saving</b>
Reintegration – Primary	12 weeks	18 weeks	£14,190
Reintegration – Secondary	6 weeks	12 weeks	£56,770
<b>Total Saving</b>			<b>£70,960</b>

Implications / Risks:

As per Proposal 6.

### 5.12 Proposal 6 – Sensory Impairment

The Council is part of a joint arrangement with the five other Berkshire Local Authorities for the purchase sensory services. This includes teachers of the deaf and teachers of the visually impaired who support children in mainstream and special schools. The current contract runs until March 2017. The contract can be varied with 6 months' notice, ie. by June 2016. Until then we are reliant on the service provider agreeing to make savings on a voluntary basis.

Discussions have taken place with the Head of Service. It appears likely that the saving can be achieved in the following ways:

- Reducing the number of visits for non statemented children with hearing impairment from 4 or 5 to 3 per annum and providing training for schools to meet more needs themselves
- Reorganising staffing so that a higher proportion of support for children with visual impairment is delivered by trained TAs rather than teachers
- Reducing support for some individuals who no longer require such a high level of support, through annual reviews
- Rationalising the number of visits provided to special schools, whilst still meeting assessed need

Implications / Risks:

(1) Schools may have difficulty meeting the needs of pupils with hearing impairment if the annual number of visits is reduced. However, it is considered that this can be managed in such a way as to minimise any concerns on the part of schools.

(2) Parents / schools may seek EHC assessments in order to access the service. This is possible but is considered a relatively low risk (see 1 above).

(3) Schools would need to become more skilled in meeting the needs of children with HI

#### 5.13 **Proposal 7 – Engaging Potential**

Engaging Potential has 14 places for students who have a Statement or EHC Plan and who have significant behavioural difficulties. This provision was set up as an alternative to more costly out of area placements. Pupils may have previously attended mainstream schools, Pupil Referral Units or specialist schools.

The current contract runs until 2018, but can be varied with 6 months' notice.

It is proposed that the number of places will be reduced from 14 to 10 from September 2016 and places will be reserved for students with the highest level of need. Full year savings would not be achieved until 17-18.

Implications / Risks:

(1) Fewer places would be available for students from mainstream schools and PRUs

(2) Possible increase in expensive out of area placements

#### 5.14 **Proposal 8 – Equipment**

Reduce budget from £20,000 to £10,000. Expect mainstream schools to fund 50% of the cost of SEN equipment for pupils with Statements / EHC plans.

Implications / Risks:

(1) Increased funding pressures on schools

- (1) Risk of budget overspend eg. if a small school genuinely can't fund an expensive item and there is a statutory duty to provide it

#### 5.15 **Proposal 9 – Therapy Services**

The service includes speech and language therapy and occupational therapy for children with Statements / EHC Plans. The proposal is to reduce the budget by 10%.

Approximately one third of the proposed saving can be made due to a pupil with very high level therapy needs leaving the area. The rest would have to be achieved by reducing the frequency of therapists' visits to schools. In particular, the Therapy Service has been asked to reassess the number of visits required by resourced and special schools, although it may also be necessary to reduce the number of sessions in mainstream schools.

A meeting has taken place with managers from the Therapy Service. They have expressed concern about their ability to achieve this level of saving but have agreed to come up with a proposal.

There is no scope to reduce overhead costs. These were assessed in detail as part of a previous savings exercise and were considered to be very low.

Implications / Risks

- (1) Pupils' therapy needs not met.
- (2) Possible legal challenge as therapy is quantified in Statements / EHC Plans.

#### 5.16 **Proposal 10 – Efficiency savings in Language and Literacy Units**

It is no longer proposed to reduce or remove this service, but each unit will be required to make efficiency savings as their funding will be reduced by £9k each. There should be no implications to service delivery.

#### 5.17 **Proposal 11 – PRU outreach**

The proposal is to remove this separate budget and allow RS to incorporate Outreach facility into their main budget. If RS not full, then more Outreach could be offered.

Implications / Risks:

- (1) Outreach is likely to be severely reduced.

#### 5.18 **Proposal 12 – CALT Team**

The CALT Team has been working to an income target since April 2015. It could be possible to increase income generation by reducing what schools receive in the free core service and increasing charges for annual packages of support and for pay as you go services and training.

Implications / Risks:

- (1) Some schools may no longer be able to buy in the service.



- (2) Reduced support for children and impact on levels of SEN expertise and training of staff in schools
- (3) Possible increase in EHC requests, with associated costs.
- (4) Risk to the long term viability of the service if charges have to be set at levels which are unaffordable to schools and the rate of buy in drops. 55 schools are currently buying the “core service plus”, ie. the full service. Other schools are buying the service in on a “pay as you go” basis.

#### 5.19 **Proposals 13 and 14 – Pre-School Teacher counselling and LIFT Project**

Both of these services are cuts to the Council’s central budget, and it had been hoped that should there be DSG available these services could be continued and / or reductions in service could have been avoided. HFG has proposed that part of the pre-school teacher counselling service can be met from under spend in the early year’s budget.

### **6. Conclusion**

- 6.1 All the proposals have implications for schools and their pupils, whether this is removal/reduction of a service currently received for free by schools, or requiring schools to pay for services at point of delivery or taking a reduction in income currently received for the provision of additional support to pupils.
- 6.2 In order to reduce spend to the level of resource being received, these reductions are required. However, by looking at the position over two years it has been possible to reduce the number of savings required.
- 6.3 If spending in 2016/17 is able to be maintained within the budget set, no further savings would be required in 2017/18, but it should be remembered that many of the high needs budgets are demand driven, and the level of funding to be received in the future is being reviewed by the DfE.

### **7. Appendices**

Appendix A – High Needs Block Budget 2016/17

### **8. Heads Funding Group Recommendation**

- 8.1 The Group agree the proposals as set out in this paper, and endorse the two year approach to the setting of this budget.