

Schools' Forum – 18th October 2018

High Needs Block 0.5% Transfer – Report

Recommendations:

1. That Schools' Forum agrees to the 0.5% transfer from Schools' Block of the DSG to the High Needs Block, as previously informed in the July Schools' Forum.

PART A

Reasons for recommendations:

2. In Schools' Forum on 3rd July 2018 a paper was presented indicating options for the recovery of the High Needs Block overspend. At the time of the report the overspend was in the region of £4.14m although if demand for special educational needs remained at the same level then this could rise to between £5m and £7m. This would mean that there would be insufficient money in DSG balances to cover an over-spend.
3. The current financial position is :

	Latest Forecast (£m)	Forecast including Recovery Plan (£m)	Forecast including recovery plan & 0.5% switch (£m)
Opening DSG Balances	5.05	5.05	5.05
2018/19 Forecast overspend	-7.7	-6.9	-6.9
2018/19 Closing DSG Balances	-2.65	-1.85	-1.85
2019/20 Forecast overspend	-6.5	-2.9	-0.5
2019/20 Closing DSG balances	-9.15	-4.75	-2.35

4. At the July meeting, members were notified of the likelihood of a request being made for the switch of 0.5% of the Schools' Block being transferred to the High Needs Block. Since that time a consultation has taken place with schools seeking their views on such a switch.

PART B

Background

5. The financial risk was previously notified to Schools Forum when the 2016/17 outturn was £2.5m over budget before planned use of reserves. The increase in demand on the High Needs Block has mainly arisen from a significant increase in a range of areas. These include:
 - additional needs requests
 - increase in pupil numbers requiring EHCP, ,
 - extension of age group to 25 for those with EHCPs,
 - Increase in out of county placements and costs,
 - Increase in Matrix funding for special schools,
 - Increased numbers of exclusions from mainstream schools,
 - The funding of increased numbers of pupils out of education.
6. The allocations within the National Funding Formula (NFF) have identified that there is an additional £2m added into the High Needs Block in 2018/19, rising to an additional £3.8m added in for 2019/20. These figures include the additional allocation to Staffordshire, as a net importer of SEND pupils in special schools (currently 172). They are already accommodated in the budget for 2018-19 and 2019-20.,
7. There are separate proposals for recovery of the high needs block overspend. If the recovery strategy is unsuccessful the DSG balances would be brought into deficit. The current financial pressures within the County Council mean that there will not be funding available from the local authority once current balances are exhausted. This is a situation that a majority of local authorities in the country are facing and there is national pressure on the government to review the allocation of High Needs funding.
8. The significance of the current financial projections for the HNB means that in 2019/20 we would need to request the Schools' Forum to allow the transfer of 0.5% from the Schools Block to the High Needs block, as previously notified to Schools' Forum.

The High Needs Block 0.5% Transfer

9. As with many other local authorities, Staffordshire is increasingly concerned about their level of overspend in the HNB, which supports children with special educational needs and disabilities (SEND). The 0.5% budget transfer from the Schools Block could provide the support needed to meet the increasing demand of supporting pupils with SEND.
10. The demand comes from an increasing number of children with SEND, the increased demand for costly specialist provision, an increase in requests for Education Health and Care assessments and the fact that our permanent

exclusion rates are above the national average, requiring alternative provision for those pupils who cannot be returned to schools..

11. Previously, across England in the majority of Local Authorities, there has been a position where extra requirements for high needs funding have been transferred from balances of the DSG. The basis of this decision was that the pupils with the higher needs were pupils of the authorities' schools and academies and therefore needed the support. A change in the blocks of the Dedicated Schools Grant and subsequent pressure on the Schools' Block has led to the government significantly restricting the ability to make these transfers. However, the result is that historic funding drawn down from the Schools' Block is still, in many cases, committed to pupils who remain in the system. Consequently, much of any overspend is not accessible to immediate savings or reallocation.
12. The request for the transfer of funds to the HNB matches the approach taken by many local authorities in meeting the increasing cost of supporting SEND pupils across the country and is sanctioned as a facility in the High Needs Block Funding Arrangements of the DfE
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/743214/High_needs_funding_operational_guide_2019_to_2020.docx .
13. In order to make a transfer of budget from Schools' Block to the High Needs Block, we must consult with all local maintained schools and academies, so that the Schools Forum can take into account the views of all schools before giving their approval.
14. At the meeting of the Schools' Forum on 3 July 2018, members supported the proposition to enter into consultation with schools and academies. The consultation commenced on Monday 9 July and closed at 5pm on Friday 28 September 2018.

The result of the consultation is as follows:

	Positive	Negative
Total responses received	4	11

Figures will be updated at the meeting due to a re-distribution of the consultation document on 10th October with a closing date of Monday 15th October

15. The view of the very small number of who responded schools is predominantly against the switch of 0.5% to the High Needs Block but on an extremely low sample.
16. In the event of School's Forum being against the switch then the Local Authority will make representation to the Secretary of State for the switch to take place.

We therefore request approval by Schools' Forum to make the 0.5% switch

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