

## Schools Forum – 28<sup>th</sup> March 2019

### High Needs Block update

#### Recommendations:

1. That Schools Forum notes the updates to the High Needs Block.

#### PART A

#### Reasons for recommendations:

2. The current state of the High Needs Block across English local authorities continues to gain public recognition. Lobbying by different groups including F40, County Councils Network (CCN), Society of County Treasurers along with others have been in the national headlines.
3. At Schools Forum on 13<sup>th</sup> February 2019 a paper was presented indicating the actions taken following the recommendations from the High Needs Block recovery task group and the latest overspend forecast.
4. Schools forum requested a further update on the latest position of the High Needs Block including the response from the Secretary of State following the local authority request for a transfer of 0.5% (£2.4m) from the schools block to the high needs block. The local authority has received approval for the transfer for one year only.
5. The DfE have confirmed that Staffordshire will receive £1.7m in 2018/19 and a further £1.7m in 2019/20 additional funding for the High Needs Block, following the announcement of the additional £250m for SEND in December 2018. This has the effect of reducing the latest Quarter 4 forecast overspend to £5.6m.
6. The outcome of the Local Area SEND Inspection resulted in the requirement to produce a written statement of action. Schools Forum agreed that the written statement of action should inform any further savings within the HNB.
7. Using the latest information, the table below illustrates the effect of the High Needs Block on the overall DSG balances:

Year	2018/2019	2019/2020	2020/2021
Opening Balance	£5.05m	£3.85m - £2.45m	£1.83m - £0.25m
High Needs Forecast overspend Range	(£4.20m) - (£5.60m)	(£2.02m) - (£2.20m)	(£4.02m) - (£4.47m)
Early Years Forecast underspend	£2.00m		
Central Block Forecast Underspend	£1.00m		
Closing Balance Range	£3.85m - £2.45m	£1.83m – (£0.25m)	(£2.19m) - (£4.22m)

## PART B

### Background

8. The financial risk of the High Needs Block has been a standing agenda at Schools Forum. 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 EHCPs,
  - 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.
9. The main areas of forecast overspend within the high needs budget in 2018/2019 are provided within the table below. A complete high needs block forecast outturn summary is provided within appendix A.

High Needs Budget	Budget	Forecast Outturn 18/19	Under/(Over) spend
Staffordshire Special Schools and Academies	13,612,970	14,339,418	(726,448)
Staffordshire Mainstream Schools	7,980,100	11,423,197	(3,443,097)
Pupils in other LA Special & Mainstream Schools & Academies	1,098,880	1,389,156	(290,276)
Independent Schools Mainstream	329,890	896,991	(567,101)
Independent Schools Special	6,792,770	10,245,053	(3,452,283)

10. The amount of high needs funding that Staffordshire receives is determined by the high needs national funding formula (NFF). The funding floor factor in the high needs NFF for 2019-20 provides for every local authority to receive an underlying increase of at least 1.0% per head of 2-18 population, compared to the amount of its DSG that it had planned to spend on high needs in 2017 to 2018, i.e. the 2017 to 2018 baseline.

11. 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 £3.8m in 2019/20 from the 2017/18 baseline.
12. All elements of the HNB have reviewed including non-statutory elements of funding. This includes the residential element for 5 special schools. The residential educational element is non-statutory as is not included within EHCPs.
13. Following the announcement of the additional £250m for SEND in December 2018, Staffordshire has received an in-year contribution of £1.7m and a further £1.7m in 2019/2020.
14. The local authority request for a transfer of 0.5% (£2.4m) from the schools block to the high needs block has been approved by the Secretary of State for one year only.
15. Even with this additional funding the DSG balances will be brought into deficit in 2020/21 without further action. 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.
16. The local authority has a strategic vision of increasing the opportunities for districts to have greater management of funding through locality arrangements in order to provide early intervention for need, as well as a consequent reduction in administrative costs, over time, to both schools and the Local Authority. These include options to develop Resource Centres and Contact Bases in mainstream schools. These are being developed through the SEND Transformation Programme in order to provide early intervention, prevent later higher cost needs and pupils being referred into statutory processes.

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**List of background papers:**

Appendix A – High Needs Block latest outturn forecast