

SCHOOLS FORUM

Meeting date: 16th January 2019

**From: Daniel Barton
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HIGH NEEDS BLOCK RECOVERY PLAN – MONITORING AS AT QUARTER 2 2018-19

1.0 EXECUTIVE SUMMARY

- 1.1 *This paper provides an update on progress against the High Needs Block recovery plan as at 30th September 2019. The original plan proposed to bring the high needs block back into surplus by the end of the 2019-20 financial year with a projected surplus of £1.596m in that year.*
- 1.2 *The paper shows the forecast deficit on the high needs block at 31st March 2019 to be £7.837m which is £5.278m above the budgeted deficit of £2.559m for 2018-19. This represents an increase of £0.676m against the forecast deficit of £7.141m reported at Quarter 1.*
- 1.3 *On 17th December the Secretary of State for Education announced additional High Needs funding for local authorities in 2018-19 and 2019-20. In Cumbria, this additional funding equates to £0.969m in each year. It is proposed that this funding is used to support invest to save initiatives in both 2018-19 and 2019-20 within the High Needs Block.*
- 1.4 *At the Cabinet meeting on 20th December, following consultation with all schools and Schools Forum, members resolved that there would not be a transfer of 0.5% funding from the Schools Block to High Needs Block in 2019-20.*
- 1.5 *Following these notifications an updated High Needs projection for 2018-19 and 2019-20 will be discussed with the High Needs sub-group at its meeting on 4th February.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 *The utilisation of the high needs block within the Dedicated Schools Grant is supportive of the Council Plan outcome that 'People in Cumbria are healthy and safe'.*

3.0 **RECOMMENDATION**

- 3.1 ***The Schools Forum is recommended to note the contents of this paper and the current projection for the High Needs Recovery Plan and to note the proposed use of the additional High Needs funding of £0.969m in 2018-19 and 2019-20.***

4.0 **BACKGROUND**

- 4.1 Following recommendations made by the Cumbria Schools Forum at its meeting on 30th November 2016, Cabinet approved a 3 year plan to pay down the high needs block deficit over a period of 3 financial years between 2017-2018 and 2019-20.
- 4.2 As reported to Schools Forum at its meeting held on 28th July 2018 within the paper 'DSG Earmarked Reserves 2017-18', the outturn on the high needs block for 2017-18 was an underspend of £0.075m resulting in a deficit carry forward to 2018-19 of £4.840m which was a shortfall of £0.869m against the targeted deficit of £3.971m.
- 4.3 Performance against the High Needs Block Recovery Plan is monitored on a monthly basis with reports presented to senior management each month, and to Cabinet on a quarterly basis, as well as to each Schools Forum meeting.
- 4.4 Appendix 1 presents the projection against the plan as at 30th September 2018. This shows that the plan is projected to be £5.278m below its target at 31st March 2019 with a projected deficit of £7.837m rather than the planned deficit of £2.559m.

Budgeted DSG Balance on High Needs Block as at 31 st March 2019	£2.559m
Projected overspend against projected expenditure	£5.278m
Projected DSG Balance on High Needs Block as at 31st March 2019	£7.837m

- 4.5 The above projections are based on all known costs and build in projected costs for the period October to March 2019, this does not include estimates for new residential and independent places.
- 4.6 It does not include the additional High Needs funding of £0.968m for 2018-19 announced by the Secretary of State on 17th December 2018.

In-year Overspends

- 4.7 In terms of the additional expenditure of £5.161m in 2018-19, the main reasons for this are :

- An overspend of £2.323m on EHCP top ups and the costs of new EHCPs and amendments to EHCPs. The total number of pupils with EHCPs has risen from 2,996 as at Quarter 1 to 3,093 in Quarter 2.
- A £0.734m overspend on residential placements. The number of pupils in residential placements has reduced from 69 as at Quarter 1 to 59 in Quarter 2.
- A £2.258m overspend against independent placements and PVI's/bespoke packages/equipment. The number of independent placements has risen from 102 as at Quarter 1 to 107 in Quarter 2.
- The remaining net underspend of £0.037m relates to underspends against Post-16 top ups (£0.291m), PEX clawbacks (£0.069m) and contributions from partners (£0.002m) offset by an overspend against Resourced Provision Places (£0.325m).

Savings

- 4.8 At Appendix 1, the savings have been highlighted in red and green to risk rate them. Savings lines that are highlighted green have been achieved/ actioned; those highlighted red will not be achieved in 2018-19.
- 4.9 As previously reported to Schools Forum, the most significant area of savings which is projected not to be delivered in 2018-19 relates to the transfer of pupils currently in independent day and residential provision back to mainstream provision within the County Council (£1.196m).
- 4.10 As at 30th September there were 107 independent day placements compared to 95 at the start of the financial year. Forecast expenditure on independent day payments including PVI's and bespoke packages was £7.084m as at Quarter 1 and this has risen to £7.561m as at Quarter 2, an increase of £0.477m. The number of residential placements were 59 in September 2018 compared to 67 at the start of the financial year. The forecast expenditure for residential placements has fallen from £4.494m as at Quarter 1 to £4.192m, a reduction of £0.302m.
- 4.11 In addition, the total number of pupils with EHCPs has increased by 164 from 2,929 at the start of the financial year to 3,093 in September 2018 and the trend indicates that the numbers are continuing to grow.
- 4.12 Since the High Needs Recovery Plan was developed in November 2016, the landscape has changed and the number of pupils with SEN and the complexity of their needs has increased significantly. It should also be noted, as reported to the High Needs sub-group at their meeting on 13th December, that the High Needs national funding formula introduced in 2018-19 does not sufficiently recognise this growth in demand as a significant amount of the funding formula is based on historic planned spend.

Additional High Needs Funding

- 4.13 On 17th December 2018 the Secretary of State for Education announced additional funding of £250m for High Needs in 2018-19 and 2019-20 across all local authorities. This additional funding is in recognition of the High Needs budget pressures being experienced by local authorities and this additional investment is intended to help local councils manage these

pressures. The funding will be used in Cumbria to fund the invest to save initiatives being developed as part of the High Needs recovery plan.

- 4.14 The additional funding for Cumbria equates to £0.969m in 2018-19 and 2019-20 respectively. It is intended that this additional funding for High Needs will be used to fund invest to save initiatives and therefore reduce the forecast deficit in 2018-19 and 2019-20. Schools Forum members are asked to give a view on this proposal. It has also been announced that there will be a further £100m available nationally to top-up the Special Provision Capital Fund in 2019-20 to enable local authorities to provide sufficient capacity to meet individual needs of pupils in mainstream and special schools. Actual allocations for local authorities have not yet been published.

High Needs Budget 2019-20

- 4.15 As previously reported to Schools Forum, in 2019-20 as in 2018-19, LAs are allowed to transfer up to 0.5% of Schools Block funding to High Needs Block funding with the agreement of Schools Forum. Transfers above 0.5% require the approval of the Secretary of State. All schools and Schools Forum were consulted on a proposal to transfer 0.5% to support the High Needs recovery plan in 2019-20. Cabinet members resolved at their meeting of 20th December not to allow a transfer of 0.5% from the Schools Block to High Needs Block as recommended by the Schools Forum.
- 4.16 Following the outcome of this decision and notification of the additional High Needs funding an updated 2018-19 and 2019-20 High Needs Budget projection will be presented to the High Needs sub-group at its meeting on 4th February for discussion.

5.0 OPTIONS

- 5.1 The Schools Forum is recommended to note the contents of this paper and the current projection for the High Needs Recovery Plan.

6.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

- 6.1 Based on the projections for 2018-19 found at Appendix 1 there is significant budget pressure in 2018-19 with the projected deficit exceeding the approved high needs recovery plan.
- 6.2 The Dedicated Schools Grant central reserve closed the 2017-18 financial year with a deficit of £3.553m. In July 2018 the DfE announced that they intend to require a report from any local authority that has a DSG deficit of more than 1% as at 31st March 2019. The report, which will need to be discussed with the Schools Forum, will need to set out the authority's plans for bringing the DSG reserves back into a balanced position.
- 6.3 On 17th December 2018 the Secretary of State announced additional High Needs Funding of £0.969m in 2018-19 and 2019-20. This additional funding is not included in the projected High Needs Deficit as at 30th September 2018.

7.0 CONCLUSION

- 7.1 The Schools Forum is asked to note this report which sets out the projected outturn as at 30 September 2018 against the approved high needs recovery plan. In terms of 2018-19, there is a projected £5.278m shortfall against the plan in year.

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Accompanying Documents:

Appendix 1 – High Needs Recovery Plan – Quarter 1

REPORT AUTHOR

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