

SCHOOLS FORUM

Meeting date: 29th October 2019

**From: Daniel Barton
Assistant Director – Education & Skills**

HIGH NEEDS BLOCK – BUDGET MONITORING AS AT QUARTER 1 2019-20

1.0 EXECUTIVE SUMMARY

- 1.1 *This paper provides an update on the forecast deficit on the High Needs (HN) block as at 30th June 2019 as reported to the Schools Forum HN Working Group, which is forecast to rise to £10.358m an increase of £4.825m compared to the closing deficit at the end of financial year 2018-19 of £5.533m.*
- 1.2 *It also reports on how the forecast expenditure as at Q1 on the HN Block compares to the HN recovery plan as presented to Schools Forum at its meeting on 20th June 2019 and provides an updated on the additional HN funding of £0.969m allocated to the Invest to Save initiatives budget.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 *The utilisation of the HN 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 HN Recovery Plan and to note the use of the additional HN funding in 2019-20.*

4.0 BACKGROUND

- 4.1 *As previously reported to Schools Forum at its meeting on 20th June 2019, a balanced High Needs budget has been set for 2019-20 with no planned transfer to reserves. The original budget available for HN was £39.912m and this comprised of £39.357m HN Block allocation from central*

government as confirmed in December 2018 and £0.555m transferred in from the Schools Block.

- 4.2 Although a balanced budget was set for 2019-20 there continues to be specific budget pressure relating to the growth in demand for Education Health Care Plans (EHCPs).
- 4.3 A new deficit recovery plan was drawn up and shared with Schools Forum on 20th June 2019 ahead of submission to the DfE on 30th June 2019. This plan, despite a number of Invest to Save initiatives, predicted that the deficit on the HN block would increase to £9.591m by the end of financial year 2019-20 and continue to rise to £23.136m by 2021-22.
- 4.4 As agreed by Schools Forum at its meeting in January 2019, the additional HN funding of £0.969m received in 2018-19 and 2019-20 from central government and the £0.555m transfer from Schools Block in 2019-20 has been earmarked specifically for Invest to Save initiatives to manage the rising demand on SEND services whilst at the same time achieving savings to manage down the HN deficit.

5.0 **BUDGET REVISIONS**

- 5.1 Since the initial budget was set for 2019-20 the funding available through the HN Block from central government has been reduced by £0.055m to take into account updated academy recoupment deductions for pre and post-16 HN places following the outcome of the November 2018 HN places return outcome review. The table below shows the revised HN block budget as at 30th June 2019:

	£
Initial HN Block Funding (as per DfE notification December 2018)	39.357m
Transfer in from Schools Block	0.555m
Academy Recoupment adjustment for HN places	-0.055m
Revised HN Block Budget as at 30 th June 2019	39.857m

6.0 **PROJECTED OUTTURN**

- 6.1 Performance against the High Needs Block budget 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.
- 6.2 Appendix 1 presents the projection against the budget as at Q1. This shows that the budget is projected to overspend by £4.825m at 31st March 2020 with a projected deficit of £10.358m as the below table demonstrates:

	£
HN Block Deficit Brought Forward from 2018-19	5.533m
Project overspend as at Q1	4.825m
Projected HN Block Deficit as at 31 st March 2020	10.358m

6.3 The projections are based on all known costs and built in projected costs for the period July 2019 to March 2020.

In-year Under and Overspends

6.4 In terms of the pressure against the budget of £4.825m in 2019-20, the key variances are :

- EHCP top-ups for pupils in mainstream schools and Early Years Providers £2.254m
- Specialist Independent Day & Other Placements £2.468m
- Post-16 EHCP top-ups and independent specialist placements £0.475m
- Residential Placements £0.048m
- Resourced Provision Places in mainstream schools £0.012m
- Special Schools (£0.014m)
- High Needs Invest to Save Initiatives (£0.418m)

High Needs Recovery Plan

6.5 Appendix 2 presents the projection against the High Needs Recovery Plan as presented to Schools Forum in June 2019. This shows that the plan is projected to be £0.767m below its target at 31st March 2020 with a projected deficit of £10.358m. The key variances are:

- Alternative Provision Programme North and South £0.313m. This relates to staffing costs associated with the setting up of the new centres ahead of planned opening date of September 2020. This expenditure has been funded from the Invest to Save budget.
- Residential Provision £0.111m. The number of pupils being educated in residential provision has increased from 59 in April 2019 to 63 in June 2019.
- EHCPs £0.620m. The number of EHCPs has risen from 3,278 in April 2019 to 3,338 in June 2019.
- Special School Budgets (£0.311m). This underspend is partly offset by the overspend against EHCPs and relates to pupils with EHCPs that are currently in mainstream schools that will transfer to the Cumbria Autism Academy (CAA) in September 2019. Once the pupil places at CAA are confirmed the costs will transfer from the EHCP budget line to the Special Schools Budget.
- Other non-material variances totalling net £0.034m.

Invest to Save Initiatives

- 6.6 The Invest to Save Initiatives budget totals £1.524m for 2019-20. Savings of £1.066m as detailed at Appendix 3 are projected to be achieved as at Q1.
- 6.7 This includes the funding of additional places in special schools (Sandgate 7, Mayfield 20 and Sandside Lodge 12) and bespoke packages for individual pupils. The staffing costs associated with the opening of the two new AP centres in the North and South and the Early Intervention outreach model being piloted by Sandgate School do not achieve savings in 2019-20, as previously reported to Schools Forum at its meeting on 20th June 2019 these savings are not realised until future years.
- 6.8 In total across the 2 years the budget allocated to Invest to Save Initiatives is £2.493m which comprises £0.969m received in 2018-19 and a further £0.969m in 2019-20 together with £0.555m transferred into HN Block from Schools Block as agreed by Schools Forum at its meeting on 16th January 2019. Total expenditure against this budget across the two years as at Q1 is £1.406m and total savings achieved are £1.528m comprising of £0.463m in 2018-19 and projected saving of £1.065m in 2019-20.
- 6.9 Any underspend against the budget in 2019-20 will transfer to the DSG earmarked reserves to fund Invest to Save initiatives in 2020-21.

7.0 OPTIONS

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

8.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

- 8.1 Based on the projections for 2019-20 found at Appendix 1 there is significant budget pressure in 2019-20 with the projected deficit on the HN Block predicted to increase to £10.358m.
- 8.2 The Dedicated Schools Grant central reserve closed the 2018-19 financial year with a deficit of £3.841m, comprising of a deficit against the HN block of £5.533m and a surplus against other DSG of (£1.692m). As this deficit was more than 1% of the total DSG available the DfE required the Council to submit a deficit recovery plan by 30th June 2019. The submitted plan showed that due to the long term impact of some of the Invest to Save Initiatives, together with the continued rise in the number of pupils with EHCPs and a funding system that does not recognise this rising demand, that it was not possible to balance the DSG reserves in the short term.

9.0 CONCLUSION

- 9.1 The Schools Forum is asked to note this report which sets out the projected outturn as at Q1 against the HN budget which is predicted to overspend by £4.825m.

Dan Barton
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4th October 2019

Accompanying Documents:

Appendix 1 – High Needs Budget 2019-20 Q1

Appendix 2 – High Needs Recovery Plan Q1

Appendix 3 – Invest to Save Initiatives Q1

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