

## Schools Forum

23rd October 2018

## Schools Budget Monitoring 2018/19 and High Needs

## Introduction

1. This paper provides members of the Forum with the current projected outturn position on the Schools Budget based on information to the end of September 2018.

It is estimated that there will be a deficit of £2.327m by the end of this financial year. However, please note that this includes the overspend b/fwd from 2017/18 of £1.413m which has had to be re-paid from this year's DSG.

Given this position, this paper includes proposals to seek views of the Forum and undertake consultation to request approval from the Secretary of State to transferring above 0.5% of the Schools Block to High Needs in 2019/20 given the overspend / pressures in this area.

## School Budget

2. **Appendix 1** shows the revised budget against the projected outturn for 2018/19 on the Schools Budget as at 30<sup>th</sup> September, in the prescribed DfE Section 251 reporting format. The reasons for significant variances between planned and projected spend are: -
  - a. *Line 1.2.1 Top-up funding maintained providers* – Estimated overspend of £871k. This is mainly estimated additional top-ups to SBC maintained schools (£200k more than the £500k contingency set in the budget) plus £650k relating to other LA Maintained Special Schools (e.g. Mowbray, Beverley, Kirkleatham, Priory Woods, Springwell).
  - b. *Line 1.2.2 Top up funding academies and free schools* – The projected overspend of c£1m is made up of additional places/top-ups to SBC academies (£351k), additional top-ups to other LA academies and free schools (£280k) and further reductions in DSG HN funding relating to the import/exports (£183k) and unoccupied places in HN units in schools (£178k).
  - c. *Line 1.2.3 Top-up funding Independent Providers* - The projected overspend of £430k relates to unbudgeted costs of excluded pupils, home tuition and independent assessments and therapy sessions (£500k) plus additional Agency placement costs (£55k). This is

likely to be offset by a potential saving on Post-16 of £125k (assuming the level of take-up is in line with 2017-18).

- d. *1.2.5 SEN Support Services* - £113k estimated overspend resulting from increased costs for the Hearing Impaired and Visually Impaired support arrangement with Middlesbrough Council.
  - e. *1.4.10 Pupil growth / Infant class sizes* - Estimated £290k underspend based on initial admissions data relating to September 2018.
  - f. *Line 1.7.2 Dedicated Schools Grant brought forward from 2017-18.* Actual net overspend b/fwd from 2016/17 was £1.413m compared to the estimate of £1.190m used in setting the 2018/19 budget.
3. Any surplus or deficit on the Schools Budget supported by Dedicated Schools Grant (DSG) is carried forward to the following financial year.
  4. Please note that the DfE intend to require a report from any local authority that has a DSG deficit of more than 1% as at 31 March 2019. This report will need to be discussed with the schools forum and LA's must set out their plans for bringing the DSG account back into balance. The DfE intend to consult local authority representatives during the autumn of 2018 about the detailed implementation of these new rules.

## **High Needs**

5. Locally and nationally, high needs budgets have rapidly become a major issue. In respect of demographics the Borough has seen an increase in the population of children and young people, with an associated increase in high needs. Also an increase in the proportion of the population with high needs / greater complexities and rising numbers of pupil exclusions.
6. Over recent years there has been an increase in the age at which high needs funding can be allocated, from 19 to up to 25. The introduction of Education, Health and Care Plans (EHCPs) have arguably significantly raised the profile and expectations around SEN support and the provision of independent tribunals, to which parents can appeal local authority decisions. Tribunal decisions nationally are running at a high rate in favour of applicants. There have been only small increases in the amount of DSG funds allocated to the high needs block meaning it has not kept pace with significant cost pressures.
7. The DfE has published provisional allocations of high needs funding to local authorities. For Stockton, the figures show an allocation of £24.05m in 2019/20 compared to £23.86m in 2018/19 meaning an increase of £0.19m (or 0.8%) which is below the national average rise of 2%.

8. Stockton experienced a £2.5m in year overspend on High Needs in 2017/18 and as previously mentioned above, is forecasting £2.3m total deficit on DSG by the end of 2018/19.
9. To try and address this situation a number of measures have / are being taken, for example:
  - a. obtained agreement from the Schools Forum to move 0.5% of the schools block (amounting to £0.6m) to high needs in 2018/19;
  - b. introduction of Enhanced Mainstream Schools to support provision locally and reduce the pressure on more specialist placements.
  - c. Implementation of a High Needs Action Plan following the strategy supported at the last Schools Forum;
10. Looking forward current medium term plan projections show the following in-year High Needs budget gaps.

	2019/20	2020/21	2021/22
Budget Gap	£1.7m	£2.2m	£3.0m

11. Through the National Association of Directors of Children’s Services (National ADCS) representations have been made to the DfE regarding local authorities pressures in meeting the costs of special provision. The demand on high needs budgets is now being recognised nationally and there is a groundswell of concern about local authorities ability to manage within their allocated budgets. We are continuing to use whatever lobbying opportunities we can, but in the meantime, we have no other recourse but to revert back to Schools Forum to agree a way forward.
12. Within the Schools Block funding has been needed to support the growth in the two free schools as they rise to capacity across their year groups. This will no longer be required in 2019/20 and thus will provide some headroom. As per para 9 above, over £0.6m was earmarked in the current year to transfer to High Needs. The combination of the two factors, estimated at approx. £1.4m, could be used in 2019/20 to partially offset the High Needs deficit.
13. Initial calculations based on indicative DfE DSG 2019/20 allocations show if we transferred £1.4m to High Needs from the schools block, schools would still receive a 1.3% increase in overall budget through the school funding formula and allow us to move closer to the DfE published national funding formula values.
14. Even if nothing else changes (ie. no further increases in the incidence of high needs, which seems very unlikely in the context of recent history and continuing pupil growth) there are significant pressures. Also, given the extent of the deficit and the difficulty of recovering this from on-going spend we are proposing to request the Forum support a wider consultation to transfer above 0.5% (ie £1.4m) of the schools block to high needs.

15. It is proposed that the Council consult with all local maintained schools and academies, and the schools forum take into account the views of the schools responding before giving their approval.
16. The Authority must submit a request to the Secretary of State to move more than 0.5% of the schools block by 30<sup>th</sup> November.
17. In order to meet this deadline it is proposed that the next Schools Forum is brought forward to the last week in November so that the request and consultation responses can be considered prior to submission.

### **Recommendation**

18. That the Schools Forum note the current financial position on the schools budget.
19. A consultation exercise is undertaken with schools and academies to transfer above 0.5% of the schools block to High Needs.
20. A date is arranged for the Schools Forum to meet in the last week in November.

David New  
Senior Finance Manager