

Schools Forum 20th September 2018

Agenda Item: High Needs Block Funding & Budget Situation 2019/20

1 Introduction

- 1.1 Locally and nationally, high needs budgets have rapidly become a major issue. This has arisen primarily as a result of demographics and Government policy.

Demographics:

- an increase in the base population of children and young people, with an associated increase in high needs;
- an increase in the proportion of this population with high needs.

Government policy:

- The 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) which significantly raised the profile and expectations around SEN support;
 - The provision of independent tribunals, to which parents can appeal local authority decisions. Tribunal decisions nationally are running at around 4:1 in favour of applicants and the decisions appear to take little, if any, account of available resources;
 - The substantial ring-fencing of the schools and early years' blocks, limiting local authorities ability to move money into the high needs block;
 - only modest increases in the amount of funds allocated to the high needs block.
- 1.2 One illustration of the scale of problems nationally is that 8 Councils applied to the DfE to move up to 0.5% of their schools block to high needs, having failed to get Forum approval for this and a further 19 Councils applied to move more than 0.5% of their 2018/19 schools block. The DfE approved 15 of these applications and turned down 12 – including four Councils that had applied to move more than 0.5% **with** their Forum's approval.
- 1.3 These figures don't include authorities like T&W that moved funds to high needs within the 0.5% limit and with Forum approval.
- 1.4 In their operational guide for 2019/20 the DfE confirm that "*An increasing number of local authorities are now incurring a deficit on their overall DSG account, largely because of overspends on the high needs block*" (Page 45, paragraph 144).

2 2019/20 Funding Allocations

- 2.1 The DfE has published provisional allocations of high needs funding to local authorities. The final allocations will be adjusted for actual numbers of pupils in special schools in the October 2018 census, although this is unlikely to make a significant difference to the published figures, as only a minority of the total allocation is based upon special school pupil numbers.
- 2.2 The DfE has published the allocations for 2019/20 compared to the 2017/18 baseline, i.e. combining two years of increases. For T&W, the illustrative figures are showing an increase of 4.7%, slightly above the national average of 4.5%.
- 2.3 Comparing the £ figure for 2019/20 to the actual allocation in 2018/19 shows an allocation for T&W of £21.5m in 2019/20 compared to £21.2m in 2018/19, an increase of £0.3m

3 High Needs Budget Situation in T&W

- 3.1 As previously discussed with the Forum, (see May 2018 meeting), as a result of high needs pressures, T&W ended the financial year 2017/18 with a DSG deficit of £0.5m. The in-year deficit exceeded £0.75m as over £0.2m of surplus DSG had been brought forward from 2016/17. This was the first time in recent memory (perhaps ever) that T&W DSG had finished a year in deficit.
- 3.2. To address this situation a number of measures have been taken:
- (a) obtained agreement from the Schools Forum to move just under 0.5% of the schools block (amounting to £550,000) to high needs in 2018/19;
 - (b) put in place a cost improvement plan for high needs, with an overall aim of not increasing budget allocations compared to 2017/18;
 - (c) as a longer term measure, develop more resourced provision and support for provision in mainstream schools, to mitigate the pressure on specialist high needs institutions (e.g. schools and PRUs to admit more pupils).
- 3.3 It therefore seems likely that we will have to request the Forum to once again agree to a transfer of at least 0.5% of the schools block. Even if nothing else changes (i.e. 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 inflationary pressures. Most of these are common to both mainstream and high needs provision, but high needs provision, due to the larger numbers of classroom support staff, has been more impacted by the 'bottom loading' of the local government pay award. Two of T&W's special school sites are also PFI buildings, a much higher proportion than our mainstream sector, and unavoidable PFI contractual costs increase with RPI each year.
- 3.4 Through the National Association of Directors of Children's Services (National ADCS) and the Regional West Midlands ADCS Group, chaired by Clive Jones, representations have been made to the DfE regarding local authorities pressures in meeting the costs of special provision. At a meeting of 30 local authorities recently, only one was currently not showing an overspend on their high needs budget. For the other 29 authorities, predicted overspends ranged between £0.5m to £2.5m.
- 3.5 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. Given the added pressure of tribunal decisions, the position is further exacerbated by costly provisions having to be funded. 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.

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September 2018