

Schools Forum Briefing

1.	Date of meeting:	18th January 2019
2.	Title:	Update on HNB 2018/19 Forecast & 2019/20 Budget Setting
3.	Directorate:	CYPS

1. **SUBJECT: Update on HNB 2018/19 Forecast & 2019/20 Budget Setting**

2. **PURPOSE OF REPORT**

To update all members of Schools Forum of the position on the High Needs Block

3. **RECOMMENDATION (S)**

That members note the current position.

4. **REASON FOR RECOMMENDATION (S)**

To ensure Schools Forum members are aware of the current year position on the 2018 /19 High Needs Block & 2019/20 Budget.

5. **BACKGROUND INFORMATION**

- 5.1 The High Needs Block (HNB) is £31.2m and is under significant pressure due to rising numbers of children supported in specialist provision and the rising costs of Education Health Care (EHC) plans. Consequently, the central DSG reserve has changed over a two year period from a £1m reserve deficit at the end of 2015/16 to £10.7m deficit at the end of the 2017/18.

6. **2018/19 BUDGET POSITION**

- 6.1 The forecast at end of December shows an in year overspend of £4.9m (see table below) based on minimal anticipated growth and therefore if the pressures on EHCs continue this will incur further financial pressures

High Needs Block Forecast Outturn 2018/19 as at 31st December 2018			
High Needs Budget	Revised Budget 2018/19	Forecast Outturn 2018/19	Forecast Outturn Variance 2018/19
	£'000	£'000	£'000
Special Schools (Place and Base Top Up)	13,009	13,191	182
Primary Resource Unit	173	173	0
Secondary Resource Unit	317	317	0
Top Up Funding (Element 3 funding for Schools)	3,134	3,660	526
Post 16 FE Colleges Top up Funding	849	1,134	285
Alternative Provision	4,274	4,305	31
Out of Authority Placements	5,179	9,111	3,932
Inclusion Services	2,467	2,504	37
Other Education Services	692	664	-28
CCP and FE Places (Funded directly by EFA)	1,073	1,073	0
Total High Needs Block 2018/19	31,167	36,132	4,965

The forecast overspend of £5.0 with the main areas of increased spend are

- Special School Places
- Top Up Funding
- Out of Authority Placements (OoA)

6.2 Whilst the majority of the financial pressures in the table above are linked to Out of Authority placements it does not reflect the specific growth in spend as several lines of spend are allocated funds linked to delegation of funding through the High Needs formula.

6.3 The estimated £5m in-year overspend will increase the DSG central reserve from £10.7m to a deficit of £15.7m.

2019/20 HNB BUDGET

	2018/19 HNB (Dec 2018)	2019/20 HNB (Dec 2018)	Movement (£m)
7. High Needs block (incl. EFA funded places)*	£30.230m	£31.440m	+£1.210m)

* the allocations include the additional HNB allocation (£593k) but excluded any transfer of funds between the DSG blocks

The additional £1.2m in 2019/20 is a combination of moving towards the full implementation of the High Needs Formula £950k and growth in place numbers.

The disapplication request to the Secretary of State to agree a transfer of 1.5% (£2.7m) from the Schools Block to the High Needs Block has not yet been decided but forms part of the short term plans to mitigate the financial pressures.

- 7.1 The Assistant Director Commissioning, Performance & Inclusion is leading on the action plan for the High Needs Block with the aim of making it financially sustainable. The
- 7.2 strategy over the coming years is to develop sufficient provision in Rotherham as outlined in the SEND Sufficiency Strategy and development of more local provision reducing the reliance on out of authority provision to in borough. In doing so the average saving per place is estimated to be £30,000 per annum. To support this
- 7.3 strategy a placement tracker is being developed to compare funded places to places on role and ensure efficient use of resources.

An SEMH Strategy for Rotherham is currently being co-produced and will set out a number of partnership activities to address the needs of children with SEMH effectively and reduce demand for higher tier services, including alternative provision. The Strategy will recommend a review of inclusion services to ensure they are value for money, high quality and appropriate to meet demand.

- 7.4 Additional areas to be monitored and reviewed to control expenditure include:

- Utilise all existing placements in the borough
 - Review Top Up arrangements
 - Final approval through the AD Commissioning and Performance for all additional funding requests
- 7.5 • Strengthen parent and carer knowledge the offer from available and suitable Rotherham provision in the early stages of the Education, Health and Care Plan process to minimise out of authority parental preference.
 - To continue to work with schools to maintain pupils in mainstream settings wherever possible.

The DfE have recently undertaken a consultation with proposals to implement closure monitoring of the Dedicated School Grant for those councils with a DSG deficit with proposals that councils with a DSG deficit should have a recovery plan to remove the deficit within 3 years and in those cases where this is not possible to operate within the annual DSG allocation within 3 years. The consultation is linked to a significant number of councils now having an overall DSG deficit due to the financial pressures in the High

- 7.6 Needs Block with lobbying for additional monies to be provided to councils to reflect the demands for High Needs provision.

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