

Schools Forum High Needs Sub Group Report And High Needs Budget For 2015/16

1. Purpose of the Report

To consider the recommendations of the report of the High Needs sub group and to consider the high needs funding block for next year.

2. Recommendation

- 1) The Forum consider each recommendation in the final report
 - i. Agree to no longer add back any of £6,000 matrix funding that was withdrawn last year
 - ii. Reduce the funding to the collaboratives by £300k
 - iii. Agree to the funding adjustment of £2,000 to Abbey Manor College top up rate which will keep the overall funding at the same level as 2014/15.
 - iv. To agree to the continuation of the work of sub group for a further year
 - v. To extend the brief of the group to incorporate the home to school transport budget
 - vi. To agree to the work plan as detailed in appendix A of the sub group report
- 2) To note the longer term financial pressures on the High Needs Block
- 3) The Forum thank the Headteachers for their work on the sub-group

3. Background

- 3.1 The Task Group was set up by the Schools Forum to review the costs of funding high needs pupils. Specifically the group were asked back at the start of 2013 to reduce the on-going costs of the high needs pupils by £0.5m in 2014/15 and £2m in 2015/16. A reduction in the financial support for matrix children was agreed last year for 2014/15 to deliver a saving of £0.5m.
- 3.2 The latest indication is that cost reduction required in 2015/16 is still £2m.

- 3.3 The work of the sub group was originally intended to end this year. Members of the group feel that with the continuation of the budgetary pressures on the High Needs Funding Block that the work needs to continue. Attached to this paper is the report of the sub group on next year's budget.

4. Dedicated Schools Grant - High Needs Block Forecast 2015/16

- 4.1 The level of funding that will be available to the Local Authority next years is difficult to predict.
- 4.2 During December the DFE expect to announce the allocations of the high needs block element of the DSG to all local authorities.
- 4.3 There has been a bidding process for Local Authorities to seek extra resources for increases in pupil numbers. The documentation received from the DFE indicated that changes to pupil numbers in Lewisham are not significant enough to warrant funding. It is for this reason that it is assumed that no extra resources will be received and the amount received last year will not have inflation added .

5. High Needs Block Expenditure Estimate for 2015/16

- 5.1 The pupil population continues to grow; between October 2013 and October 2014 there has been growth of 3%.
- 5.2 For planning purposes it has been anticipated that on average there will be 5 new pupils per month with ECH plans that require funding and there will be an extra 10 pupils across special schools for the year.

The planned direct costs for next year is as follows:

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Item 5

Current Spend Forecast For Special Educational Needs	2014/15	Forecast Additional Need 2015/16		
		Existing Cases	Growth	Total
	£'000	£'000	£'000	£'000
SEN Matrix	4,137	90	260	350
Pupil Referral Unit	3,000			
Resource Bases	1,556			
SEN Matrix Funding for Academies	604			
Special Schools	15,609	162	134	296
Independent places \ colleges \ other LA Schools	8,204			
	33,110	252	394	646
Budget	31,609	A	B	
Forecast overspend	1,501	C		
Budget Requirement Next Year				
Existing Cases		252	A	
Growth		394	B	
Extra budget requirement		£2,147	A+B+C	

The table above shows that in 2015/16, if no action is taken, the SEN budget will overspend by £2.1m

6. Dedicated School Grant medium term financial issues

- 6.1 The longer term funding position remains uncertain, particularly with the general election being next May. Both of the main political parties are like minded in that they wish to see the national deficit eliminated. The only current differences between the parties is the timescales by which this should be achieved.
- 6.2 The most likely scenario is that we will not see any growth in the DSG in Lewisham. Current funding for the schools block has been cash frozen although it has risen in line with pupil numbers. The high needs block has been cash frozen but there has been only a partial increase in funding for the growth in numbers. This trend is expected to continue for the foreseeable future.

- 6.3 The national funding for the schools block will grow in 2015/16 but Lewisham will not receive any benefit from this as it is not defined by the Department for Education (DFE) as one of the lower funding authorities on a per pupil basis, which remains their priority. The DFE are starting to review the high needs funding of the DSG. It is anticipated that again Lewisham will be regarded as a better funded Authority and is unlikely to receive any extra funding.
- 6.4 As we have seen, the current financial forecasts show the high needs budget is overspending. The budget strategy has been focused on ensuring that special educational needs spending balances to the funds available while protecting the schools budgets as much as possible.
- 6.5 The medium term outlook from 2016 to 2020 shows significant costs in the future, with the distinct possibility that there will be no extra funding. These costs will need to be managed and there will be an on-going need to consider savings for the foreseeable future.
- 6.6 Medium Term Financial Budgetary Pressures on the High Needs Block

6.6.1 SEN numbers pressure - likely no funding

Current pupil numbers are growing in the primary age group by 3.3%, in the secondary age groups the numbers are growing but by 1.2%. The current system of funding high needs pupils is such that funding does not grow in line with the growth in numbers. There is a bidding process that Local Authorities are expected to participate in to see if any extra funding should be provided.

With the growth in numbers, if the cost is not managed this equates to £1.2m a year, which within the current funding arrangements, would have to be funded from DSG funds for schools.

6.6.2 New responsibilities to age 25

Local authorities must set out in their Local Offer the support and provision that 19- to 25-year-olds with SEN can access regardless of whether they have an EHC plan (see Chapter 4, The Local Offer). Further education colleges must continue to use their best endeavours to secure the special educational provision needed by all young people aged 19 to 25 with SEN attending their institution.

19- to 25-year-olds with EHC plans should have free access to further education in the same way as 16- to 18-year-olds. Colleges or training providers must not charge young people tuition fees for such places as the funding will be provided by the local authority and the Education Funding Agency (EFA).

6.6.3 Medium term financial issues – financial impact on the high needs block

	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
High Need pupil growth	1200	1200	1200	1200

7. There are a number of possibilities to deal with these pressures. The review of the banding structure being considered by the High Needs Sub Group will need rates of funding attached to the bands. This will need to be carefully considered in the light of the funding envelope available. Other reviews are under way, particularly the funding at Abbey Manor College and New Woodlands. All aspects of the high needs block will need to be considered but there is a possibility if the high needs block cannot be balanced, then consideration will need to be given to withdrawing money from the schools budget.

8 Conclusion

- 8.1 The financial constraints that the public sector is operating under are not expected to ease over the next few years. The problem faced by the high needs block is that the growth in expected pupil numbers is higher than the general growth in the pupil population. It is believed nationally that the level of funding will be capped or only a small amount of growth allowed for. The planned review of funding of the high needs block could result in a likely redistribution of resources amongst authorities though at best the level of resources is likely to be cash frozen over the next few years.

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