

Lewisham Schools forum			
REPORT TITLE	Update on the 2019/20 Funding Settlement for Schools- High Needs Block Appendix C		
KEY DECISION	Yes	Item No.	5
CLASS	Part 1	Date	17th January 2019

1. Purpose of the Report

- 1.2 This report focuses on the High Needs (HN) block and provides schools forum with detailed analysis to enable discussion and decisions to be made on the current application of funds from the HN Block.
- 1.3 It should be noted that the HN Block has interaction with all the funding blocks. This interaction will also be explained in this report.
- 1.4 The report will also look at the future demand and pressure on HN Block. The position is not unique to Lewisham, the vast majority of LAs are either already overspending their HN Allocation or are just about managing to keep within.
- 1.5 Some of the key reasons being the baseline for the HN Block was set prior to the SEND reforms, widening SEND support entitlement to 0 to 25, coupled with increase in demand and severity of need. Overall the service is largely driven by statute with a duty placed on Local Authorities to comply with the regulations.
- 1.6 It is important that schools forum acknowledge that the pressure on the High Needs Block is a nationwide issue. Lewisham will continue to work effectively with our schools as well as other Local Authorities and lobby groups to continue our efforts to provide the best possible support for our most vulnerable, recognising the financial challenges facing us and the statutory requirements.

2 High Needs Block -2019/20

2.1 Part 1 overview report confirmed the 2019/20 High Needs Budget as follows:

		NFF Non pupil element	Per pupil Funding	Actual pupils in special schools/academies (headcount)*	NFF Pupil Element	Import / export adjustment	Age 2-18 ONS population projection	Transfer of Post 16 responsibility	Import Export Adjustments	Net funds Managed by Service	Net Movement
		£m	£			£m		£m	£m	£m	£m
2018/19 (Nov)	Lewisham	£48.221	£4,822.53	669	£3.23	-£1.97		£0.000	-£1.042	£48.438	
2018/19 (Dec)	Lewisham	£48.221	£4,822.53	669	£3.23	-£1.97	63,989	£0.000	-£1.042	£49.142	£0.704
2019/20	Lewisham	£49.261	£4,822.53	749	£3.61	-£1.97	63,989	£0.375	-£1.102	£50.879	£1.737
	Net	1.0394	£4,822.53	80	0.3834					£2.441	£2.441
			£0.383								

Table 1: HN overview

The overall movement can be explained as follows:

Explained by	£m
Additional announcement	0.704
Formula Growth (excluding pupil numbers)	1.039
Formula Growth (Pupil Numbers)	0.383
Transfer of Post 16 place responsibility	0.375
Increase in Import /Export Adjustment	-0.060
Total	£2.441

Table 2: HN Block- reasons for movement

2.2 It should be noted that all LAs are seeing increase in the cost of providing SEND support. Some LAs now have sizeable deficits arising from the pressures that are facing the High Needs Block. One of the key outcomes from the recent lobbying actions by LA and pressure groups was the recognition from the Secretary of State, injecting additional funding into the HN Block. The allocation for Lewisham is £704k which has been made to the 2018/19 baseline and carried forward. Effectively this the same £704k not an uplift of £1.4m in 2019/20. Overall the funding for Lewisham is £2.4m higher but this includes £375k transfer of responsibility, so the real increase is £2.066m, which is welcomed. We originally anticipated growth of circa £1.3m

2.3 In light of the pressures facing LA's, the DFE has placed a new requirement on LAs to develop 3 year deficit recovery plans if they are likely to overspend their budget allocations. We believe the threshold for Lewisham Council would be £2.9m overspend to trigger a Deficit Recovery Plan. The difficulty with this approach is that the functions within the HN Block are largely governed by statute and support provided outside of legislative requirements is mainly to enable earlier diagnosis and preventative support

to improve the lifestyles of our most vulnerable. This approach in many cases can also assist in providing a better outcome for the young person but reduce costs for LAs in the long term. Difficult decisions are likely to be made over the coming years as the pace of increase in funding fails to keep up with the increase in cost of delivering our statutory role.

- 2.4 At the last schools forum meeting it was agreed that the HN working Group should reconvene before the Christmas break with a view to consider the pressures on the HN Block.
- 2.5 A very positive meeting was held with the working group. Appendix A, provides a detailed schedule of potential pressures for the HN Block. The summary position is shown in Table 3 as follows:

Summary	2018/19	2019/20	2020/21	2021/22	2019/20 Move from Base	2020/21 Move from Base	2021/22 Move from Base
DSG High Needs Block	£48,437,834	£48,437,834	£48,437,834	£48,437,834	£0	£0	£0
DSG Growth (new money)	£704,000	£2,441,000	£3,441,000	£4,441,000	£1,737,000	£2,737,000	£3,737,000
DSG Central Block	£1,929,887	£1,929,887	£1,910,588	£1,891,482	£0	-£19,299	-£38,405
Total Funding Available	£51,071,721	£52,808,721	£53,789,422	£54,770,316	£1,737,000	£2,717,701	£3,698,595
Central Services Spend	£1,696,800	£1,696,800	£1,696,800	£1,696,800	£0	£0	£0
Post 16 Transfer -New responsibility		£383,000	£383,000	£383,000	£383,000	£383,000	£383,000
Total Inclusion /Outreach	£3,042,175	£3,042,175	£3,042,175	£3,042,175	£0	£0	£0
Place and Top up	£46,528,066	£46,528,066	£46,528,066	£46,528,066	£0	£0	£0
Place and Top up (Growth) 90 cases		£1,204,471	£2,408,942	£3,613,413	£1,204,471	£2,408,942	£3,613,413
Revised Spend	£51,267,041	£52,854,512	£54,058,983	£55,263,454	£1,587,471	£2,791,942	£3,996,413
Ey related spend	£466,000	£466,000	£466,000	£466,000	£0	£0	£0
Cost of New Places	£0	£1,520,000	£1,520,000	£1,520,000	£1,520,000	£1,520,000	£1,520,000
Sub Total of extra pressures	£466,000	£1,986,000	£1,986,000	£1,986,000	£1,520,000	£1,520,000	£1,520,000
Cost for extra 110 EHCP	£0	£1,472,131	£2,743,518	£4,215,649	£1,472,131	£2,743,518	£4,215,649
Potential Pressure	£0	£1,472,131	£2,743,518	£4,215,649	£1,472,131	£2,743,518	£4,215,649
Revised Spend Required	£51,733,041	£56,312,643	£58,788,501	£61,465,103	£4,579,603	£7,055,460	£9,732,063
Net spend Position	£661,320	£3,503,923	£4,999,079	£6,694,787	£2,842,603	£4,337,759	£6,033,467
Possible Wriggle Room							
Cases over the 90	£0	-£1,472,131	-£2,743,518	-£4,215,649	-£1,472,131	-£2,743,518	-£4,215,649
Net of Wriggle Room	£661,320	£2,031,791	£2,255,561	£2,479,138	£1,370,471	£1,594,241	£1,817,818
if forum approves £1m Transfer (ANNUAL REQUEST REQUIRED)		-£1,000,000	-£1,000,000	-£1,000,000	-£1,000,000	-£1,000,000	-£1,000,000
Net	£661,320	£1,031,791	£1,255,561	£1,479,138	£370,471	£594,241	£817,818

Table 3 HN block summary

- 2.6 The table above has been updated for the funding settlement announced. Based on 200 additional EHCP/Funding agreements for 2019/20 (bearing in mind that for 2018/19 we have approximately 400), there is likely to be an overspend of circa £3.5m, 2020/21 £5m and for 2021/22 £6.7m. Clearly this is the worst case scenario and a lot is dependent upon the number of cases that come through and the associated values. Increase in cost due to inflationary pressures has not been built into the above.
- 2.7 Schools forum is asked to note that the above information also includes the transfer of £466k from the early years block to the HN block. The rationale for this is provided in the reports providing detailed guidance on the early years block. This report also factors in the additional funding for the Post 16 grant which is offset by an increase in cost, as the funding will be transferred directly to the appropriate schools.

3 Recommendations

- 3.1 Local Authorities, in agreement with their schools forum can seek to transfer up to 0.5% of the schools block to support pressures in high needs. The report on the schools block provides further detail around the effect of the transfer of the £1m. Schools forum is asked to note the supporting report and approve the transfer for 2019/20.
- 3.2 The working group in principle supported
- a) The transfer of the **expenditure** of £466k to the High Needs Block
 - b) The approval to transfer £1m to the Schools Block for 2019/20
 - c) Further meetings through the course of 2019/20 to consider detailed options (in collaboration with the SEND Partnership Board) to support delivery of the SEND agenda within the funding provided by the DFE.
 - d) Key area for review is the review of policy supporting funding agreements.
 - e) Review discretionary vs statutory services
 - f) Consider best practice from other LAs
- 3.3 Schools forum is asked to consider and support the points as listed. It is anticipated that the detail of the findings will be discussed with the working group and reported back to schools forum at appropriate timings.

- 3.4. Schools forum to note that without the support of the 0.5% i.e. £1m from the schools block and additional work through 2019/20 to consider further service delivery options, there is a real risk that the HN Block will overspend in 2019/20 and in the following years which could potentially place a requirement on Lewisham (in partnership schools forum) to develop a recovery plan for the DFE, the option proposed avoids the need to work with the DFE and places the working and decision making with Lewisham Council and Schools forum.

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