



Schools Funding Forum 7th March 2019 ITEM 7

Subject Heading:

High Needs Funding 2018-19 and future years

Report Author:

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Eligibility to vote:

All members

SUMMARY

This report summarises the forecast expenditure for financial year 2018-19 from Havering's allocation from the DSG (Dedicated Schools Grant) High Needs Block and considers the pressures for future years.

RECOMMENDATIONS

That the Schools Funding Forum notes the forecast position on High Needs expenditure for financial year 2018-19 and beyond.

REPORT DETAIL

High Needs Funding Nationally

Funding in support of high need provision is funded to local authorities through the High Needs Block of the Dedicated Schools Budget (DSG).

Shortfalls in high needs funding against increasing levels of expenditure has become an issue for the vast majority of local authorities and has been the subject of several reports in the national media.

In December 2018 the Secretary of State for Education announced additional funding of £125m for local authorities in both 2018-19 and 2019-20. The written statement to parliament was discussed at the last meeting of the Funding Forum. Havering's allocation was £611k in each year and although welcome, will not meet the cost of existing or future pressures.

The DfE now requires local authorities with year end deficits in excess of 1% of their total DSG funding to produce recovery plans.

Havering's position in past years

This allocation is made for all provision for Havering pupils but an amount is then recouped for provision through special academies, non maintained special schools, 6th form colleges and AP academies.

Havering's funding allocation and expenditure in the last four years is shown in the table below.

	2014-15 £m	2015-16 £m	2016-17 £m	2017-18 £m
Initial allocation	18.874	18.981	19.485	22.698
Recoupment	(0.716)	(1.075)	(2.581)	(3.581)
DSG transfers	0	0	1,400	0
Available funding	18.158	17.906	18.304	19.117
Spend	(17.910)	(18.728)	(18.225)	(19.413)
Spend vs Budget	0.248	(0.822)	0.079	(0.296)

In 2016-17 Havering increased its High Needs funding by £1.4m from transfers from other funding blocks which was built into the base allocation and in 2018-19 a one off £800k was allocated from the DSG underspend from previous years.

Financial year 2018-19

2018-19 is the first year in which that Havering's overspend in its high needs block is unlikely to be met in full by DSG contingencies. This will lead to the carry forward of a deficit into financial year 2019-20, a year in which expenditure is expected to increase further.

The current year end projection is summarised in the table below and Appendix A provides further detail.

	2018-19 £m
Initial allocation	23.273
Additional funding	0.611
Recoupment	(3.429)
DSG transfers	1.079
Available funding	21.534
Projected spend	(23.167)
Spend vs Budget	(1.633)
Use of contingencies	400
Projected deficit	(1.233)

The DSG transfers of £1.079m in the table above includes £800k that was agreed by the Schools Forum from a DSG contingency and a further £279k underspend from previous years that has been earmarked for High Needs .

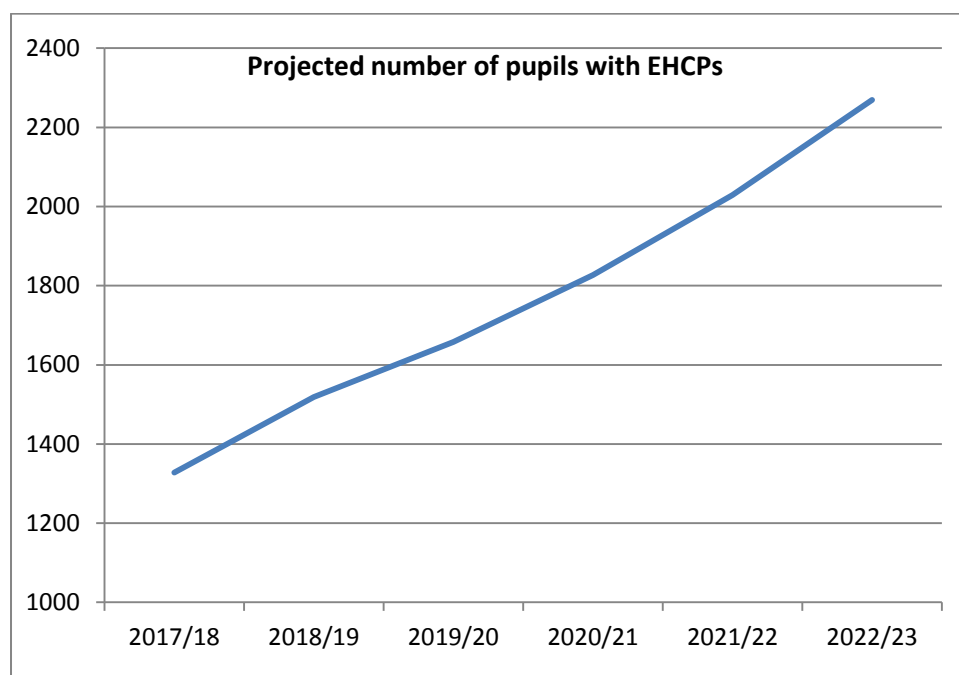
Financial year 2019-20

Havering's allocation of High Needs DSG in 2019-20 is £25.29m (including the £611k additional funding) an increase of £1.4m.

The level of expenditure is, however, expected to increase for a number of reasons as follows:

1. Increase in EHCPs

The number of EHCPs has already increased during the year and is projected to increase significantly over the next four years as demonstrated in the graph below.



2. Special Schools

Havering has three special schools which are funded on the basis of £10,000 per place plus a top up according to matrix of learning need. Both the matrix and the banded levels of funding are currently under review and are likely to increase the funding allocated through the High Needs Block.

3. Additional Provision

A fourth special school is to be provided in Havering in a future year which will require top up funding from Havering's High Needs Block.

There is likely to be an increase in the number of Additionally Resourced Provisions in mainstream schools.

Additional post 16 provision is to be provided at Forest Approach Academy.

Increased local capacity is a key part of Havering's 2017-2020 High Needs Strategy. It is intended to reduce the numbers of pupils with more moderate levels of need placed in special schools by supporting them in mainstream schools or in additionally resourced provisions. This will free up places in special schools for those with complex needs. Placing pupils in good quality local provision will also benefit the management of the High Needs Block overall in avoiding the costs of more expensive out of borough provision.