



**Subject Heading:**

**High Needs Funding Year End Forecast  
2019-20**

**Report Author:**

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**Eligibility to vote:**

**All school and academy members**

### SUMMARY

This report provides a year end forecast of expenditure against the high needs budget for 2019-20 and considers the continuing pressures in 2020-21.

### RECOMMENDATIONS

That the Schools Funding Forum:

- (i) notes the year forecast of expenditure for financial year 2019-20
- (ii) notes the continuing pressures on High Needs Block pressures for financial year 2020-21

### REPORT DETAIL

#### 1. Year End Forecast for 2019-20

Attached is an updated summary of expenditure against the high needs budget in 2019-20. The current forecast is for an in year overspend of £4.36 million which is

partially offset by a £1.35 million underspend from the 2018-19 DSG that was carried forward to 2019-20. The forecast for year end is therefore £3.0 million.

Last year, the DfE introduced a requirement for LAs to submit a deficit recovery plan when overspends exceed 1% of an LA's total allocation from the DSG. The plans should detail the steps authorities plan to take to bring their deficits back into balance within a three-year timeframe. Havering's allocation in 2019-20 was £219.6 million so a deficit of at least £2.196 million would trigger the need for a deficit recovery plan.

The LA has therefore reviewed expenditure in other areas of the DSG to determine if underspends elsewhere could offset the forecast overspend in the high needs budget.

At this stage the following budgets are forecast to underspend:

Pupil Growth/Falling Rolls	£500,000
School Partnerships	£110,000
Historic Energy Efficiency Scheme	£40,000
Other CSSB underspends	<u>£50,000</u>
Total	£700,000

The LA will continue to review all DSG budgets to identify potential savings to meet the £200k shortfall to avoid the need to produce a recovery plan.

## **2. High Needs Block 2020-21**

As reported to the November meeting of the Schools Funding Forum, Havering's initial allocation of funding through the High Needs Block for 2020-21 before recoupment is £29.4m, an increase of £4m on 2019-20. To next year's High Needs Block allocation can be added the £500k transfer from the Schools Block that was agreed by the Schools Funding Forum.

The £4.5m increase in funding is almost entirely committed to current levels of expenditure which have, without the benefit of the carry forward from 2018-19, produced a forecast £4.3m in-year overspend.

A first call on next year's funding will be the deficit carried forward from 2019-20 which will be in the region of £2m. There will also be the full year effect of the increase in funding to special schools that was implemented from September 2019 and the need to fund a continuing rise in the number and cost of EHCPs. There is also likely to be an impact following the merger of Havering's two colleges with New City College in Tower Hamlets.

At this early stage, the forecast for 2020-21 is for an overspend of approximately £3.5m.