


Agenda Item 4

	<p>London Borough of Hammersmith & Fulham</p> <p>SCHOOLS FORUM</p> <p>Tuesday, 12th December 2019</p>
High Needs Block Update	
Open	
Wards Affected: (All Wards); All	
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<p>Purpose of the report</p> <p>To provide an update to Schools Forum on the High Needs block position and the medium-term position with respect to funding and expenditure.</p>	

1. 2019 to 20 High Needs Block (HNB) ESFA funding allocation

1.1 The latest HNB allocations were confirmed by the Education and Standards Funding Agency in November 2019 and are shown in Table 1.

1.2 Table 1 – 2019 to 20 HNB allocations

2019-20 high needs NFF allocation	2019-20 import/export adjustment	Additional funding for Special Free Schools	2019-20 additional high needs funding	2019-20 high needs block	2019-20 direct funding of places by ESFA	2019-20 high needs block final LA allocation from ESFA
£m	£m	£m	£m	£m	£m	£m
19.835	1.476	0.036	0.358	21.705	-2.335	19.37

1.3 The figure for the 2019 to 20 import export adjustment is lower than originally notified due to an error in a data submission by a Further Education provider. We

are working with the ESFA and other local authorities to rectify this and anticipate that we will receive some additional import/export adjustment in 2019 to 20.

- 1.4 In addition to the allocation of £19.37m, transfers were made to the HNB from the Schools Block, based on an approved dis-application request to the Department for Education, and a transfer from the Central Services Schools Block which is permissible under the School Funding regulations.

Table 2 – 2019 to 20 final adjusted HNB

	£m
Final confirmed HNB allocation from ESFA	19.37
Transfer from Schools Block	1.02
Transfer from CSSB	0.35
Adjusted 2019 to 20 HNB budget	20.74

- 1.5 Table 3 shows the 2019/20 forecast overspend of £5.8m against the high needs block budget of £21.269m. This budget includes a higher import/adjustment figure based on an earlier funding notification from the ESFA. The shortfall is currently reflected in the forecast but will change once clarification is received from the ESFA.

Table 3 – 2019/20 High Needs block budget, forecast and variance

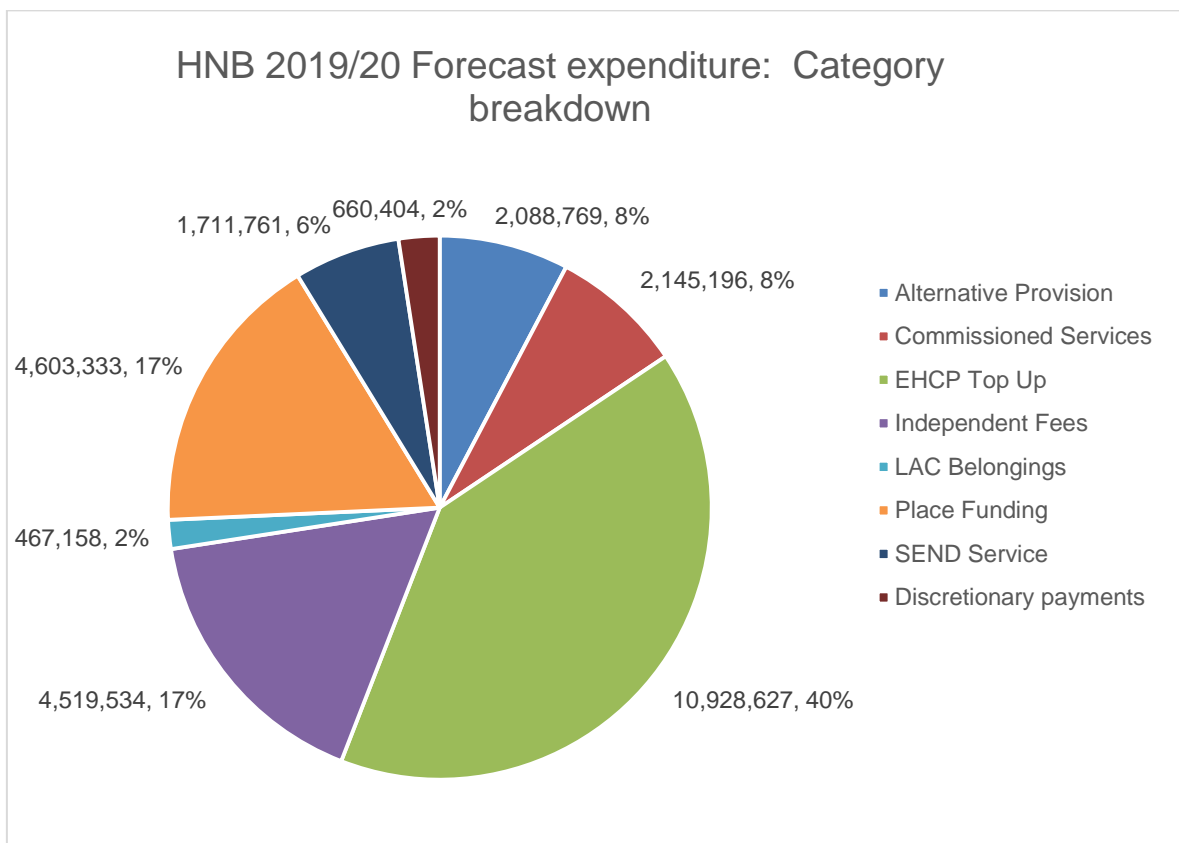
Expenditure category	Forecast Outturn £
Alternative Provision	2,088,769
Commissioned Services e.g SALT, OT etc	2,145,196
EHCP Top up	10,928,627
Independent Fees	4,519,534
LAC Belongings	467,158
Place Funding	4,603,333
SEND Service including SEN Outreach, Core EP Offer	1,711,761
Discretionary payments	660,404
Sub-total – LBHF direct spend	27,124,782
Recoupment for academy and free school places funded by the ESFA direct	2,335,000
Total LBHF high needs funding and expenditure	29,459,000
Total Funding Available (Incl. Import/Export Adj)	23,604,000
Overspend forecast	5,855,000

- 1.6 The expenditure categories generally include the following type of expenditure:
- Alternative Provision – AP commissioned places including 6 day plus services and outreach services.
 - Commissioned Services – Occupational therapy, hospital services, home tuition, speech and language therapy.
 - EHCP top up – top up funding for pupils with an EHCP in maintained schools, academies and free schools and for Hammersmith residents placed out of the borough.
 - Independent Fees – fees for Hammersmith residents placed at non-maintained independent provision.

- LAC belongings – expenditure relating to the education costs of a looked after child with an EHCP.
- Place funding – special schools place funding.
- SEND service –staffing expenditure including for the direct provision of sensory services core educational psychology services and SEND front door for early education intervention at the Stephen Wiltshire Centre.
- Discretionary payments – this includes high needs targeted primary funding for the AY 2018/19 summer term which has ceased from AY 2019/20 and ongoing SEN contingency funds. Equipment costs are also included under this category.

1.7 The pie chart again shows the breakdown of the forecast 2019 to 20 expenditure of £27.125m. The EHCP top up funding (green segment) has a forecast spend of £10.928m. Approximately 28% of this expenditure is spent on top up funding for mainstream schools within the borough.

Pie chart – 2019 to 20 HNB forecast expenditure – breakdown of latest forecast spend £27.125m



1.8 The council continues to review the DSG deficit recovery plan which was submitted to the ESFA in the spring/summer of 2019. Included in the plan is a table showing savings that are being worked towards achieving over years 1 to 3.

1.9 Table 4 – Savings figures included in the DSG Deficit Recovery Plan

Type of provision	Year 1 2019/20 saving £	Year 2 2020/21 saving £	Year 3 2021/22 saving £
Regional commissioner fee	200,000	206,500	211,663
Wrap around provision OT	95,000	95,000	95,000
Reconciliation of high needs	233,333	400,000	400,000
Home tuition	100,000	100,000	100,000
Alternative Provision	342,500	475,833	475,833
Wrap around provision SALT		325,000	325,000
Central SEND service		100,000	100,000
EY Overspend 2018/19	205,000		
Cessation of discretionary payments	155,000	528,000	528,000
Total savings	1,330,833	2,230,333	2,235,496

- 1.10 The council are expecting to receive an additional £2.9m additional high needs block funding in 2020/21 as part of the additional funding being provided nationally. Table 5 shows the projected impact of this on the forecast outturn position in 2020/21 with an in-year overspend projected of £3.066m.
- 1.11 Due to the ESFA's requirement for the authority to submit a dis-application request to move 1% of the 2020 to 21 schools block, we have not included this in our high needs block forecast but if approved the forecast overspend will further improve.
- 1.12 For 2021/22 we have not assumed any additional high needs block funding as the government can not indicate yet if there will be funding available.
- 1.13 Table 5 shows the current forecast outturn and cumulative outturn for the year 1 to year 3 of the DSG deficit recovery plan.

Table 5 – future years forecast and cumulative DSG balance

	Year 1 2019/20 £	Year 2 2020/21 £	Year 3 2021/22 £
High Needs Block change – additional funding	358,000	2,900,000	
Approved transfer of school block to HNB	1,002,000		
Forecast outturn variance	5,870,353	3,066,009	6,100,755
Cumulative retained DSG deficit balance	19,830,353	22,896,362	28,997,117
	Deficit	Deficit	Deficit

2. Alternative Provision Commissioning

- 2.1. The recommendations from a recent review of Alternative Provision (1) in June 2019 highlighted several improvements to how the Council commission's this resource, two key areas were;
 - LBHF must have a central role and build capacity to have oversight of all commissioning and quality assure AP across the borough. This will include visits by head teachers to AP providers serving former and current pupils to monitor quality.
 - The per-pupil allocations need to be financially remodelled against the new priorities, in order to make an earlier impact and reduce numbers in AP over the medium and long term
- 2.2. Negotiations have taken place with the TBAP to develop a new service level agreement to deliver the aims of the review and shift activity and funding from places to outreach and direct support to pupils in mainstream schools. This will take a period of adjustment for TBAP as their delivery model reshapes, the SLA is structured over a three year period to achieve this.
- 2.3. Transitioning to the new approach is not without risk. The urgency of stabilising the HNB overspend means there is limited change or investment funds to pump prime or to run new services in parallel with the existing AP places that are occupied by pupils. Therefore, the SLA has been designed to incentivise TBAP to shift funding and resources incrementally into outreach as the number of places in AP reduces.

3. High Needs Block – Next Steps

- 3.1. The Local Authority has worked with schools and key stakeholders to develop a SEND Transformation Programme, early stages of which have delivered efficiencies, regularised spend and are addressing historic impacts of LBHF being a regional commissioner of specialist provision.
- 3.2. The Local Authority is entering the next stage of this programme, scoping out with schools and key stakeholders a programme which aims to both improve outcomes for children and young people with SEND and produce financial efficiencies for the Local Authority by intervening earlier before needs escalate into more specialist and expensive interventions, as well as creating more effective models and commissioned structures of delivery. However, given the considerable gap between expenditure and budget and a locally held view that LBHF is underfunded (on the basis of a funding formula which places reliance on historic spend), the ability for the Local Authority to bring the overspend back within budget will remain a concern

4. Recommendation

- 4.1. Following Schools Forum on the 12th November 2019, a disapplication for a movement between blocks of the Dedicated Schools Grant in 2020/21 was submitted to the Department for Education.

- 4.2. This movement of 1% or circa £1.03m of the schools block provisional allocation for 2020/21 requires minister of state approval pending a final agreement of the Schools Forum to proceed with the block transfer.
- 4.3. This report recommends the continued block movement of 1% in 2020/21 financial year as a key element of the strategy to close the gap over the medium term.

Report Ends