


Agenda Item 4

	London Borough of Hammersmith & Fulham SCHOOLS FORUM Tuesday, 16th June 2020
2020/21 High Needs Block Budget allocations	
Open	
Wards Affected: (All Wards); All	
Accountable Director: Jacqui McShannon, Director of Children Services	
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Purpose of the report This report provides summarised information regarding the 2020/21 High Needs block budget allocations and the predicted forecast outturn position.	

1. Introduction

- 1.1. This paper sets out the financial year 2020/21 High Needs Block allocations notified to the authority in March 2020 and the breakdown of these allocations across the local authority's high needs block budget with a predicted forecast.

2. Summary Position

- 2.1. The total financial year (FY) 2020/21 High Needs Block (HNB) allocation to Hammersmith and Fulham council is £24.845m, an increase of 13.2% compared to FY 2019/20.
- 2.2. The High Needs Block attributable to the local authority (LA) in FY 2020/21, after academy recoupment, is £22.342m, an increase of £2.795m compared to FY 2019/20.
- 2.3. The transfer to the High Needs Block from the Schools Block (SB) in FY 2020/21 is £0.526m, a decrease of £0.476m compared to FY 2019/20. This reduction is due to the unsuccessful DfE disapplication request to transfer 1% of the Schools Block to the High Needs Block. The permissible 0.5% has been transferred between the blocks.
- 2.4. The decision by the Minister of State to disallow the full transfer agreed at January Schools Forum results in a reduction of £0.529m in the value of the transfer to the high needs block in 2020/21. This puts additional unbudgeted

pressure on the High Needs Block from 2020/21. It is unknown if conditions of grant will allow continued block movements and at what level from 2021/22 financial year. An update to the National Funding Formula in the Summer should provide clarity at least for 2021/22 financial year.

- 2.5. In financial year 2019/20 a contribution of £0.350m was included in the HNB budget. A further £0.300m contribution was applied at the end of the financial year from the Central School Services Block (CSSB) to HNB as a result of in-year savings made in the CSSB resulting in a total transfer of £0.65m to HNB in 2019/20.
- 2.6. There is proposed transfer from the CSSB to support the High Needs Block in 2021/22 of £0.461m as a result of further savings against the CSSB. A further £0.515m would have been available from proposed savings in the expected CSSB to support HNB expenditure in 2020/21 but ESFA reduced the level of funding available. The ESFA are making year on year reductions in the historic element of the CSSB available to authorities as part of the move to a hard national funding formula.
- 2.7. The total loss of funding in 2020/21 to support the HNB expenditure as detailed in the DSG Deficit Recovery Plan shared with the DfE last year is £1.044m.
- 2.8. The Education Skills Funding Agency (ESFA) consulted in January 2020 about the treatment of accumulated DSG deficits. Guidance from the EFSA has been issued which states that from 2020/21 financial year deficits should be carried forward to be met from future schools' budgets unless specific permission has been sought and agreed by DFE. Under the new ESFA rules a long term solution is required to recover £19m accumulated deficit as at 31st March 2020 plus the ongoing HNB budget overspend against the current resources available. The exact accounting treatment for the deficit is subject to discussion with the authority's external auditors Grant Thornton.
- 2.9. Table 1 summarises the FY 2020/21 HNB funding compared to FY 2019/20.

2.9.1. Table 1 – FY 2020/21 HNB budget

	2020/21 £m	2019/20 £m	Difference £	%
High Needs Block total LA allocation	24.845	21.939	2.906	13.2
Academy recoupment/deductions for ESFA direct funding of places	-2.503	-2.393	-0.110	
LA allocation after academy recoupment	22.342	19.546	2.796	14.3
Transfer from SB	0.526	1.002	-0.476	
Transfer from CSSB	0.461	0.650	-0.189	
Adjusted FY 2020/21 HNB	23.329	21.198	2.131	10.1

3. High Needs Budget for FY 2020/21

- 3.1. The High Needs Block (HNB) allocation for FY 2020/21 is £24.845m, an increase of 13.2% compared to FY 2019/20.
- 3.2. Academy and direct funding of places is deducted from the total HNB allocation and paid direct to the schools, Alternative Provision (AP) and the FE college. The remainder of the funding is paid directly to the local authority.
- 3.3. The HNB has benefited in previous financial years by a 1% transfer from the Schools Block and a contribution from the Central Schools Services Block. In FY 2020/21 the contribution from the SB is 0.5% and there is a proposed contribution from the CSSB of £0.461m.
- 3.4. The net overall increase in the HNB after the academy recoupment and block transfers is £2.131m or 10.1%.
- 3.5. Table 2 summarises the academy recoupment and direct funding of places by the ESFA.
- 3.6. The deduction from the total HNB allocation has increased by £0.109m since FY 2019/20.

3.6.1. Table 2 – Academy recoupment/direct funding of places.

	2020/21 £m	2019/20 £m	Difference £
Mainstream academies (SEN units and resourced provision) – pre 16	0.152	0.339	-0.187
Mainstream academies (SEN units and resourced provision) – post 16	0.000	0.024	-0.024
Alternative provision academies and Free schools	1.053	1.162	-0.109
Maintained special schools - post 16	0.000	0.067	-0.067
Maintained mainstream schools – post 16	0.000	0.100	-0.100
16-19 Academies and Free schools – post 16	0.090	0.090	0.000
Further education (FE) and independent learning providers	1.208	0.612	0.596
Total HNB deductions	2.503	2.394	0.109

- 3.7. The net increase in the place funding HNB deduction from the overall LA funding reflects place decisions made by the local authority and academies.
- 3.8. It should be noted that there has been an increased place funding deduction for the Further Education college provision within the borough. This is a direct result of the error made by the college in AY 2019/20 in completion of their pupil data return. This error by the college inadvertently highlighted to other LA's that H&F has under commissioned place numbers. The place

funding number has been increased, resulting in an increased cost to H&F. However, a proportion of this funding will be recovered through the import and export adjustment ensuring that the LA will be reimbursed by other boroughs for the places they use at the FE provision. The LA will be notified of this adjustment in July 2020.

4. High Needs block FY 2019/20 final outturn and FY 2020/21 current forecast

- 4.1. The High Needs block final outturn figure for 2019/20 was a £5.8m overspend which was in line with the forecast outturn. This has resulted in a cumulative deficit on the High Needs Block of £19.78m at 31st March 2020.
- 4.2. A provisional overspend figure of c£2.132m is forecast for FY 2020/21 based on current assumptions. This forecast will be reviewed and updated as more information is known.
- 4.3. Table 3 shows the forecast comparison across the FY's 2019/20 and 2020/21.

4.3.1. Table 3 – High Needs FY 2019/20 and 2020/21

	FY 2019/20 Final outturn £m	FY 2020/21 Forecast outturn £m
Alternative Provision	2.250	2.097
Commissioned Services	2.178	2.032
EHCP Top Up	12.468	11.904
Independent Fees	2.061	2.299
LAC Belongings	0.484	0.500
Place Funding	4.631	4,700
SEND Service	1.912	1.907
Discretionary payments	0.740	0.021
Total expenditure	26.724	25.46
HNB (net) allocation	(19.54)	(22.34)
Transfer from SB	(1.00)	(0.53)
Transfer from CSSB	(0.35)	(0.46)
Total income	(20.89)	(23.33)
FORECAST OUTTURN (overspend)	5.83	2.13

- 4.4. The FY 2020/21 forecast overspend of £2.13m does not include an assumed adjustment for the import/export update which is expected to be notified to the authority in July 2020. This adjustment could be additional HNB funding of c£0.5m in FY 2020/21.
- 4.5. The financial forecast for 2020/21 is before further growth in Education Health Care Plans. Detailed modelling is required to understand the growth trend over the medium term.

5. FY 2020/21 pressures within the HNB

- 5.1. The LA continues to review its DSG deficit recovery plan. The current assumptions within the plan highlight a forecast overspend in FY 2020/21 of £2.13m assuming the current level of HNB income highlighted in this report.
- 5.2. The Hammersmith and Fulham council are a significant regional commissioner for children and young people with SEND, 47% of the area's school-aged population with an EHCP originate from out of borough. The Council has taken the decision to invoice placing authorities for wrap-around services, Speech and Language (SALT) and Occupational Therapy (OT) and for overhead costs known as the regional commissioner fee. These services have historically been provided free of charge.
- 5.3. There is a risk of only partial recovery of the assumed OT and SALT recharges primarily due to quality data issues held by the NHS trust who provide the services within LBHF schools to pupils whose home is within another borough. If no income was recovered, the risk to H&F is c£0.4m. The council continues to work closely with the trust to help minimise the risk of under recovery. The FY 2020/21 forecast currently assumes full recovery of the income from other boroughs. Any recovery of income relating to previous financial years would provide an upside to the FY 2020/21 HNB forecast outturn position.
- 5.4. The FY 2020/21 projected outturn also includes the forecast for the Alternative Provision academy in line with the new service level agreement and the projected savings forecast from it.

Report ends